JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2017

Ernst & Young
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Jubilant FoodWorks Lanka (Private) Limited, ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit and loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (Set out on pages 03 to 20).

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as Board determines is necessary to enable the preparation of financial statements that 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 conducted our audit in accordance with Sri Lanka Auditing Standards. 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.

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 control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(Contd...2/)

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal T P M Ruberu FCMA FCCA

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Report on other legal and regulatory requirements

As required by Section 163(2) of the Companies Act No. 7 of 2007, we state the following:

a) The basis of opinion and Scope and Limitations of the audit are as stated above.

b) In our opinion :

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
- the financial statements of the Company, comply with the requirements of Section 151 of the Companies Act No. 7 of 2007.

17 May 2017
Colombo

Jubilant FoodWorks Lanka (Pvt) Limited

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

ASSETS	Notes	2017 Rs.	2016 Rs.
Non Current Assets			
Property, Plant and Equipment	4	518,280,495	511,891,911
Intangible Assets	5	16,182,864	13,523,555
		534,463,359	525,415,466
Current Assets			
Inventories	6	46,891,981	30,917,424
Receivables	7	122,650,178	71,345,055
Income Tax Recoverable		86,862	86,862
Cash and Bank Balances	15	69,510,412	39,302,044
		239,139,433	141,651,385
TOTAL ASSETS		773,602,792	667,066,851
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	8	1,636,809,500	1,357,989,500
Retained Earnings/(Loss)		(1,020,246,918)	(802,639,276)
Total Equity		616,562,582	555,350,224
Non Current Liabilities			
Retirement Benefit Liabilities	9	3,156,861	3,056,562
		3,156,861	3,056,562
Current Liabilities			
Bank Overdraft	15	20,754,429	14,054,112
Trade and Other Payables	10	133,128,920	94,605,953
		153,883,349	108,660,065
Total Equity and Liabilities		773,602,792	667,066,851

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

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Senior Manager- Finance & Accounts

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by;

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Director

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Director

The accounting policies and notes on pages 7 through 20 form an integral part of the financial statements.

ERNST & YOUNG Chartered Accountants COLOMBO

17 May 2017
Colombo

Jubilant FoodWorks Lanka (Pvt) Limited

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2017

	Notes	2017 Rs.	2016 Rs.
Turnover	3	821,803,296	575,102,264
Cost of Sales		(327,852,695)	(207,213,230)
Gross Profit		493,950,601	367,889,034
Administrative Expenses		(574,175,107)	(486,245,146)
Distribution Expenses		(152,163,516)	(138,249,719)
Other Income		11,743,732	-
Finance Expenses	11.2	(1,318,672)	(959,534)
Finance Income	11.1	3,068,719	3,404,107
Loss Before Tax	12	(218,894,243)	(254,161,258)
Income Tax (Expenses) / Reversal	13	269,485	40,850,393
Loss for the Year		(218,624,758)	(213,310,865)
Other Comprehensive Income			
Actuarial Gain / (Loss) on Retirement Obligation		1,286,601	324,154
Deferred Taxation Attributable to Actuarial (Gain)/Loss		(269,485)	(155,558)
Other Comprehensive Income, Net of Tax		1,017,116	168,596
Total Comprehensive Income, Net of Tax		(217,607,642)	(213,142,269)
Earnings/(Loss) Per Share			
- Basic	14.2	(1.47)	(1.66)

The accounting policies and notes on pages 7 through 20 form an integral part of the financial statements.

Jubilant FoodWorks Lanka (Pvt) Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance As at 01 April 2015	1,234,429,500	(589,497,007)	644,932,493
Loss for the Year	-	(213,310,865)	(213,310,865)
Other Comprehensive Income	-	168,596	168,596
Total Comprehensive Income	-	(802,639,276)	431,790,224
Shares Issued During the Year for Cash	123,560,000	-	123,560,000
Balance As at 31 March 2016	1,357,989,500	(802,639,276)	555,350,224
Loss for the Year	-	(218,624,758)	(218,624,758)
Other Comprehensive Income	-	1,017,116	1,017,116
Total Comprehensive Income	-	(217,607,642)	(217,607,642)
Shares Issued During the Year for Cash	278,820,000	-	278,820,000
Balance As at 31 March 2017	1,636,809,500	(1,020,246,918)	616,562,582

The accounting policies and notes on pages 7 through 20 form an integral part of the financial statements.

Jubilant FoodWorks Lanka (Pvt) Limited

STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Notes	2017 Rs.	2,016 Rs.
Cash Flows from / (Used in) Operating Activities			
Loss Before Income Tax Expense		(218,894,243)	(254,161,258)
Adjustments for			
Amortisation of Intangible Assets		4,387,656	3,117,514
Depreciation	4.2	89,856,495	79,228,191
Finance Income		(3,068,719)	(3,404,107)
Finance Costs	12.2	1,318,672	959,534
Gratuity Provision	9	1,447,525	1,346,941
Operating Profit/(Loss) before Working Capital Changes		(124,952,614)	(172,913,185)
Changes in Working Capital			
(Increase)/Decrease in Inventories		(15,974,557)	(8,625,297)
(Increase)/Decrease in Trade and Other Receivables		(51,305,123)	17,558,569
Increase/(Decrease) in Trade and Other Payables		38,522,967	15,014,266
		(28,756,713)	23,947,538
Cash Generated from/ (Used in) Operations		(153,709,327)	(149,075,522)
Less: Finance Cost	12.2	(1,318,672)	(959,534)
Income Tax Paid		-	444,319
Gratuity Paid		(60,625)	(109,875)
		(155,088,624)	(149,700,612)
Cash Flows from (Used in) Investing Activities			
Acquisition of Property, Plant and Equipment		(96,245,079)	(119,671,478)
Acquisition of Intangible Assets	5.1	(7,046,965)	(7,315,145)
Interest Received		3,068,719	3,404,108
		(100,223,325)	(123,582,515)
Cash Flows from (Used in) Financing Activities			
Funds from Equity Collaborators	8.1	278,820,000	123,560,000
Net Cash in Financing Activities		278,820,000	123,560,000
Net Increase/(Decrease) in Cash and Cash Equivalents		23,508,051	(149,723,127)
Cash and Cash Equivalents at the Beginning of the Year	16.2	25,247,932	174,861,184
Cash and Cash Equivalents at the End of the Year	16.2	48,755,983	25,138,057

The accounting policies and notes on pages 7 through 20 form an integral part of the financial statements.

1. CORPORATE INFORMATION

1.1 General

Jubilant FoodWorks Lanka (Private) Limited, is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 164, Galle Road, Dehiwala, Sri Lanka.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were to establish, carry on, manage, operate and franchise the business of manufacturing, selling, marketing and distributing fast food products and beverages.

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent undertaking is Jubilant FoodWorks Limited. In the opinion of Directors, the Company's ultimate parent undertaking and controlling party is Jubilant Bhartia Group, which is incorporated in India.

1.4 Date of Authorisation for issue

The Financial Statements of Jubilant FoodWorks Lanka (Private) Limited for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the board of directors on 17 May 2017.

2. BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis, The Financial Statements are presented in Sri Lankan Rupees. The preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Jubilant FoodWorks Lanka (Private) Limited has been prepared in accordance with Sri Lanka Accounting Standards.

2.1.2 Comparative Information

The accounting policies adapted by the Company are consistent with those used in the previous financial year.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards. The Company has prepared these financial statements to comply in all material respects with the Companies Act No. 07 of 2007. The financial statements have been prepared under the historical cost convention on an accrual basis.

The Company has incurred an after tax loss of Rs. 217,607,642/- during the year ended 31 March 2017 (2016 – Rs. 213,142,269/-) and an accumulated loss of Rs. 1,020,246,918/- (2016 – Rs. 802,639,276/-). Also, the Company has faced a situation of serious loss of capital in terms of Section 220 of the Companies Act No. 07 of 2007. However, the Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or cease operations of the Company as disclosed in the parent's financial statements. The parent undertaking commits a continued financial support since the company is currently at initial operating stage. Accordingly, the going concern approach has been adopted in preparing and presenting these Financial Statements.

2.2.2 Foreign Currency Translation

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

b) Conversion

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

c) Exchange Differences

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

2.2.3 Income Tax

Tax expense comprises of current and deferred tax.

a) Current Taxes

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

b) Deferred Taxation

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

2.2.4 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.2.5 Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or a service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable is stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

2.2.6 Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are expensed in the period they occur.

2.2.7 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

2.2.8 Inventories

Raw Materials, Stores Spares and Packing Materials, Goods Purchased for Resale and Material in Process valued at the lower of cost and net realizable value. The cost for this purpose has been computed on FIFO basis.

Material in process valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads, if any.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

2.2.9 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding book overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

Cash flows are reported using indirect method, whereby profit or loss before tax is adjusted for the effects transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents in the cash flow comprise cash at bank, cash/cheques in hand and short-term investments with an original maturity of three months or less.

2.2.10 Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are stated at the Cost or if the investment is traded at the market then at Market Value. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

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

2.2.11 Property, Plant and Equipment

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at Jubilant FoodWorks Limited Group policy based on the useful lives estimated by the management.

Fixed Asset	Estimated Useful Life (in number of years)	Depreciation Rate
Leasehold Improvements	9 years or actual lease period, whichever is lower	11.66% or % based on actual lease period, whichever is lower
Plant and Machinery	5 to 20	5% to 20%
Office Equipment	2 to 10	10% to 50%
Furniture and Fixtures	5 to 10	10% to 20%
Motor Vehicles	6	16.67%

2.2.12 Intangibles

An intangible asset is an identifiable non-monetary asset without physical substance and recognised if, and only if: a) it is probable that the economic benefits attributable to the assets will flow to the entity; and b) the cost of the assets can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life and amortization begins when the asset is available for use i.e. when it is in the location and the condition necessary for it to be capable of operating in the manner intended by management.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the company's intangible assets is as below:

Intangible Asset	Estimated Useful Life (in number of years)	Depreciation Rate
Software	5	20%
Store Opening Fees	5	20%

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2.2.13 Expenditure during Construction Period

Expenditure directly relating to construction activity of Outlets is capitalized (net of income, if any). Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period which is not related to construction activity nor is incidental thereto is charged to the Statement of Comprehensive Income.

2.2.14 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

2.2.15 Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits over the leased term are classified as operating leases.

Rentals paid under operating leases are recognized as an expense in the Statement of Comprehensive Income on a straight line basis over the leases. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period which termination takes place.

2.2.16 Leases - Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned.

Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each reporting date and adjusted to reflect the current best management estimates.

2.2.17 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is unfunded.

Actuarial gains/losses are immediately taken to Other Comprehensive Income and are not deferred.

b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation carried by an actuary as at the end of the year.

2.2.18 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a) Sale of Goods

Revenue from the sale of goods is recognized upon passage of title to the customers which coincides with their delivery.

b) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following SLFRS has been issued by the Institute of Chartered Accountants of Sri Lanka that has an effective date in the future and has not been applied in preparing these financial statements. This SLFRS will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements.

SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. SLFRS 9 will become effective on 01 January 2018.

SLFRS 15 - Revenue from Contracts with Customers

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue customers. SLFRS 15 will become effective on 01 January 2018.

3. SALES

	2017 Rs.	2016 Rs.
Sales - Pizza	777,101,827	563,254,346
Sales - Beverage	30,567,449	9,908,413
Delivery Charges	14,134,020	1,939,505
	821,803,296	575,102,264

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Gross Carrying Amounts

	Balance as at 01.04.2016 Rs.	Additions/ Adjustment/ Transfers Rs.	Disposals/ Transfers/ Adjustments Rs.	Balance as at 31.03.2017 Rs.
Leasehold Improvements	307,232,397	32,265,873	-	339,498,270
Plant and Machinery	294,557,201	43,850,017	-	338,407,218
Furniture and Fittings	68,996,035	15,047,478	-	84,043,513
Office Equipment	4,823,566	6,000	-	4,829,566
Motor Vehicles	25,396,039	3,190,050	-	28,586,089
	701,005,238	94,359,418	-	795,364,656
Capital Work-in-Progress				
Plant and Machinery	19,743,178	9,337,115	(9,330,300)	19,749,993
Furniture and Fittings	646,331	-	(173,754)	472,577
Motor Vehicles	-	5,131,500	(3,078,900)	2,052,600
	20,389,509	14,468,615	(12,582,954)	22,275,170
Total Gross Carrying Amount	721,394,747	108,828,033	(12,582,954)	817,639,826

4.2 Depreciation

	Balance As at 01.04.2016 Rs.	Charge for the Year Rs.	Disposals/ Transfers/ Adjustments Rs.	Balance As at 31.03.2017 Rs.
At Cost				
Leasehold Improvements	85,994,245	36,023,732	-	122,017,977
Plant and Machinery	83,131,161	38,160,477	-	121,291,638
Furniture and Fittings	25,364,790	10,945,276	-	36,310,066
Office Equipment	2,526,496	574,094	-	3,100,590
Motor Vehicles	12,486,144	4,152,916	-	16,639,060
Total Depreciation	209,502,836	89,856,495	-	299,359,331

4.3 Net Book Value

	2017 Rs.	2016 Rs.
At Cost		
Leasehold Improvements	217,480,293	221,238,152
Plant and Machinery	217,115,580	211,426,040
Furniture and Fittings	47,733,447	43,631,245
Office Equipment	1,728,976	2,297,070
Motor Vehicles	11,947,029	12,909,895
	496,005,325	491,502,402
Capital Work-in-Progress		
Plant and Machinery	19,749,993	19,743,178
Furniture and Fittings	472,577	646,331
Motor Vehicles	2,052,600	-
	22,275,170	20,389,509
Total Net Book Value	518,280,495	511,891,911

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5. INTANGIBLE ASSETS

		2017	2016
5.1	**Gross Carrying Amounts**	**Rs.**	**Rs.**
	At Cost		
	As at the Beginning of the Year	20,363,004	13,047,859
	Acquired During the Year	7,046,965	7,315,145
	As at the End of the Year	27,409,969	20,363,004
5.2	**Amortization**		
	As at the Beginning of the Year	6,839,449	3,721,935
	Amortisation for the Year	4,387,656	3,117,514
	As at the End of the Year	11,227,105	6,839,449
5.3	**Net Book Value**		
	As at the End of the Year	16,182,864	13,523,555

Store Opening fee is paid to Domino's Pizza International Franchising Inc. and amortised over 05 years in line with the group policy.

6. INVENTORIES

	2017	2016
	Rs.	**Rs.**
Closing Food Stock	32,879,107	21,365,713
Closing Traded Items Stock	1,282,767	1,316,153
Closing Non Food Stock	12,730,107	8,235,558
	46,891,981	30,917,424

7. RECEIVABLES

	2017	2016
	Rs.	**Rs.**
Other Receivable	10,670,600	8,150,864
Provision for Doubtful Debt Outlets	(3,767,275)	(4,167,477)
	6,903,325	3,983,387
Deposits and Prepayments	56,582,939	47,656,853
Sundry Debtors	58,817,167	19,320,570
Interest Income Receivable	346,747	384,245
	122,650,178	71,345,055

8. STATED CAPITAL

		2017		2016	
		Number of shares	Value of shares	Number of shares	Value of shares
8.1	**Issued and Fully Paid**		Rs.		Rs.
	At the Beginning of the Year	135,796,950	1,357,989,500	123,440,950	1,234,429,500
	Issued During the Year	27,882,000	278,820,000	12,356,000	123,560,000
	At the End of the Year	163,678,950	1,636,809,500	135,796,950	1,357,989,500

		2017		2016	
		Number of shares	Value of shares	Number of shares	Value of shares
8.2	**Fully Paid Ordinary Shares**		Rs.		Rs.
	Balance at Beginning of the Year	135,798,950	1,357,989,500	123,442,950	1,234,429,500
	Issue of Shares for Cash	27,882,000	278,820,000	12,356,000	123,560,000
	Balance at the End of the Year	163,680,950	1,636,809,500	135,798,950	1,357,989,500

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9. EMPLOYEE RETIREMENT BENEFIT LIABILITY

	2017 Rs.	2016 Rs.
Defined Benefit Obligation		
At the Beginning of the Year	3,056,562	2,143,650
Current Service Cost	1,126,586	1,132,576
Interest Cost	320,939	214,365
Payments/Payables during the year	(60,625)	(109,875)
Net Actuarial (Gain)/Loss	(1,286,601)	(324,154)
At the End of the Year	3,156,861	3,056,562

9.1 Expense on Defined Benefit Plan-Gratuity

	2017 Rs.	2016 Rs.
Current Service Cost	1,126,586	1,132,576
Interest Cost on Benefit Obligation	320,939	214,365
The Amount Recognized in the Income Statement	1,447,525	1,346,941
Net Actuarial (Gain)/Loss recognized in Other Comprehensive Income	(1,286,601)	(324,154)
The Amount Recognized in the Statement of Other Comprehensive Income	(1,286,601)	(324,154)
	160,924	1,022,787

9.2 The gratuity benefit liability is valued by Messrs Actuarial and Management Consultant (Pvt) Ltd.

9.3 Principle Assumptions

The principle assumptions underlying the valuation are as follows:

	2017	2016
Discount Rate	12.00%	10.50%
Salary Increment Rate	9.00%	12.00%
Staff Turnover Rates		
Category A	4.00%	14.00%
Category B	4.00%	14.00%
Retirement Age	58 years	58 years

9.4 A quantitative sensitivity analysis for significant assumptions is shown below:

	Discount Rate		Future salary Increment	
Sensitivity Level	**Increase**	**Decrease**	**Increase**	**Decrease**
	1%	1%	1%	1%
Impact on Defined Benefit Obligation - 2016	(2,849,979)	3,291,918	3,258,219	(2,858,200)
Impact on Defined Benefit Obligation - 2017	(2,823,445)	3,553,218	3,534,699	(2,836,244)

10. TRADE AND OTHER PAYABLES

	2017 Rs.	2016 Rs.
Trade Payables	38,762,429	23,523,412
Sundry Creditors including Accrued Expenses	94,366,491	71,082,541
	133,128,920	94,605,953

11. FINANCE INCOME AND EXPENSES

	2017 Rs.	2016 Rs.
11.1 Finance Income		
Interest Income - Fixed Deposit and Savings	3,068,719	3,404,107
	3,068,719	3,404,107
11.2 Finance Expenses		
Bank Charges	(1,318,672)	(959,534)
	(1,318,672)	(959,534)

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12. OPERATING LOSS BEFORE TAXATION

Stated after Charging

Included in Administrative Expenses	2017 Rs.	2016 Rs.
Employees Benefits including the following		
Defined Contribution Plan Costs - EPF&ETF (included in Employee Benefits)	207,325,639	163,321,642
Depreciation	89,856,494	79,228,191
Amortisation of Intangible Assets	4,387,656	3,117,514
Gratuity	1,447,525	1,346,941
Auditors Fees and Expenses	982,704	962,500

13. INCOME TAX

The Major Components of Income Tax Expense for the Year Ended 31 March are as follows :

Current Income Tax	2017 Rs.	2016 Rs.
Current Income Tax Expense	-	-
Income Tax under/(over) Provision	-	(444,319)
	-	(444,319)
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) (13.1)	-	(40,250,516)
	-	(40,694,835)
Deferred Income Tax		
Net Actuarial Gain/(Loss) on Post Employment Benefit	269,485	155,558
Income Tax Expenses Reported in Statement of Other Comprehensive Income	269,485	155,558
Total Income Tax Expenses Reported in the Statement of Comprehensive Income	269,485	(40,539,277)
Reconciliation between Taxable Profit and Accounting Profit		
Accounting Profit/Loss) Before Tax	(218,894,243)	(254,161,258)
Aggregate Disallowable Expenses	148,262,824	131,763,824
Aggregate Allowable Expenses	(132,989,348)	(126,583,258)
Adjusted Profit/(Loss)	(203,620,767)	(248,980,692)
Interest Income	3,068,719	3,404,107
Less: Brought forward tax loss maximum upto 35% of Total Statutory Income	(1,074,052)	(1,191,437)
Less: Qualifying Payments	(22,366,539)	(37,771,969)
Taxable Profit	NIL	NIL
Current Income Tax		
Current Income Tax NIL 28% (28% - 2016)	-	-
Less:-ESC Claimed	-	-
Balance Income Tax Payable	-	-

13.1 Deferred Tax Assets and Liabilities relates to the followings.

Deferred Tax Liability	Statement of Financial Position 2017 Rs.	Statement of Financial Position 2016 Rs.	Statement of Comprehensive Income 2017 Rs.	Statement of Comprehensive Income 2016 Rs.
Capital Allowance for Tax Purpose	61,030,637	54,821,502	6,209,135	11,106,690
	61,030,637	54,821,502	6,209,135	11,106,690
Deferred Tax Assets				
Defined Benefit Plans	1,244,169	946,600	(297,569)	(411,173)
Actuarial (Gain)/Loss	(360,248)	(90,763)	269,485	155,558
Carried Forward Tax Losses	52,009,563	48,259,944	(3,749,619)	(48,259,944)
Provision for Lease Equalization	8,137,153	5,705,721	(2,431,432)	(2,841,647)
	61,030,637	54,821,502	(6,209,135)	(51,357,206)
Deferred Income Tax (Reversal)/Expense			-	(40,250,516)
Net Deferred Tax Assets/(Liability)	-	-		

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13. INCOME TAX (Contd...)

13.2 Deferred Tax Assets and Liabilities

	2017 Rs.	2016 Rs.
Balance as at the Beginning of the Year	-	40,250,516
Deferred Income Tax Charge - Income Statement	3,480,134	7,853,870
Deferred Income Tax (Credit)/Charge - Statement of Other Comprehensive Income	269,485	155,558
Deferred Tax Assets on Carried Forward Tax Losses	(3,749,619)	(48,259,944)
Balance as at the End of the Year	-	-

During the year deferred tax assets have not been recognised on carried forward tax losses to the extent that it is not probable that taxable profits will be available against which such losses can be utilised.

14. EARNINGS PER SHARE

14.1 Basic Earnings/(Loss) Per Share is calculated by dividing the Net Profit/(Loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

14.2 The following reflects the Profit/(Loss) and share data used in the Basic Earnings/(Loss) Per Share computations.

	2017 Rs.	2016 Rs.
Profit/ (Loss) Attributable to Ordinary Shareholders for Basic Earnings per Share	(218,624,758)	(213,310,865)

Number of Ordinary Shares used as the denominator:	2017 Rs.	2016 Rs.
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings/(Loss) Per Share	148,821,876	128,373,409
Earnings/(Loss) Per Share	(1.47)	(1.66)

15. CASH AND CASH EQUIVALENT IN THE CASH FLOW STATEMENT

Components of Cash and Cash Equivalents

15.1 Favourable Cash and Cash Equivalents Balance

	2017 Rs.	2016 Rs.
Cash and Bank Balances	8,671,181	9,302,044
Fixed Deposits (Short Term)	60,839,231	30,000,000
	69,510,412	39,302,044

15.2 Unfavourable Cash and Cash Equivalents Balance

Bank Overdraft	(20,754,429)	(14,054,112)
Total Cash and Cash Equivalents	48,755,983	25,247,932

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16. COMMITMENTS AND CONTINGENCIES

16.1 Capital Commitments

The Company does not have significant capital commitments as at the date of Statement of Financial Position.

16.2 Contingent Liabilities

The Company does not have significant contingencies as at the date of Statement of Financial Position.

17. ASSETS PLEDGED

There have been no assets pledged as at the date of Statement of Financial Position.

18. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

18.1 Transaction with the Parent

	Jubilant FoodWorks Ltd (India)	
	2017	2016
Nature of Transaction	**Rs.**	**Rs.**
Purchase of Shares	278,820,000	123,560,000
Cash Received	(278,820,000)	(123,560,000)
As at 31 March 2017	-	-

18.2 Transactions with Key Management Personnel of the Company or its Parent

The Key Management Personnel of the Company are the members of its Board of Directors.
There have been no transactions with Key Management Personnel of the Company for the year ended 31 March 2017 except as discussed below

	2017	2016
	Rs.	**Rs.**
Short-term Employee Benefits	11,734,681	9,063,141

19. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the date of reporting that require adjustments or disclosure in the financial statements.

JUBILANT FOODWORKS LANKA (PRIVATE) LIMITED

DETAILED INCOME STATEMENT
YEAR ENDED 31 MARCH 2017

Jubilant FoodWorks Lanka (Pvt) Limited

DETAILED INCOME STATEMENTS

Year ended 31 March 2017

	Statement	2017 Rs.	2016 Rs.
Turnover		821,803,296	575,102,264
Cost of Sales	I	(327,852,695)	(207,213,230)
Gross Profit		493,950,601	367,889,034
Finance Income		3,068,719	3,404,107
Other Income		11,743,732	-
Administrative Expenses	II	(574,175,107)	(486,245,146)
Distribution Expenses	III	(152,163,516)	(138,249,719)
Finance Cost		(1,318,672)	(959,534)
Loss Before Tax		(218,894,243)	(254,161,258)

Jubilant FoodWorks Lanka (Pvt) Limited

DETAILED INCOME STATEMENTS

Year ended 31 March 2017

STATEMENT I

COST OF SALES	**2017 Rs.**	**2016 Rs.**
Opening Stock	22,681,866	15,261,576
Purchase-Raw Material	310,517,912	197,784,462
Purchase-Beverages	28,814,791	16,849,058
Closing Stock	(34,161,874)	(22,681,866)
	327,852,695	207,213,230

STATEMENT II

ADMINISTRATIVE EXPENSES	**2017 Rs.**	**2016 Rs.**
Audit Fee	982,704	962,500
Bad Debts	-	1,021,425
Conference Expenses	977,860	1,496,747
Contribution to EPF	12,264,957	9,358,899
Contribution to ETF	3,024,685	2,339,781
Courier Charges	128,884	59,053
Depreciation	89,856,494	79,228,191
Diesel Expenses	1,032,943	1,096,055
Electricity	64,561,163	54,598,288
Food Testing Expenses	950,750	1,238,852
Franchisee Expenses	24,649,161	17,253,068
General Expenses	1,244,335	1,690,188
Gratuity	1,447,525	1,346,941
Insurance Expenses	4,561,978	3,628,259
Legal Advisory Fees	4,115,211	3,464,309
LPG Cost	12,031,568	9,340,339
Motor Vehicle Running Expenses	6,078,833	3,536,331
Pest Control	1,801,459	1,164,813
Printing & Stationary	1,658,632	2,244,412
Recruitment Expenses	508,131	3,508,760
Rent Expenses	77,485,211	65,836,723
Repair & Maintanance	7,619,803	7,739,049
Reward & Recognition Expenses	273,880	1,431,487
Secuirity Expenses	5,464,612	6,421,215
Credit Card Commission	6,207,914	4,000,036
Staff Salaries & Allowances	177,781,462	145,415,531
Staff Welfare	14,254,535	6,207,431
Telephone & Fax Charges	13,726,273	9,804,473
Training & Seminar Expenses	549,000	396,741
Travelling & Conveyance	5,977,662	5,286,895
Travelling Foreign	1,947,750	5,069,313
Travelling Inland	43,518	377,576
Uniform Expenses	1,916,248	365,129
Vehicle rent Charges	7,414,333	5,802,790
House Keeping Charges	7,682,728	11,334,480
Water Charges	1,725,170	1,753,392
Amortization	4,387,656	3,117,514
Exchange Fluctuation	(492,284)	190,653
Medical Expenses	1,019,304	776,679
Connectivity Expenses	6,432,080	5,712,285
CSR Expenses	40,000	171,462
Allowance for Laptops	840,979	457,081
	574,175,107	486,245,146

STATEMENT III

DISTRIBUTION EXPENSES	**2017 Rs.**	**2016 Rs.**
Advertisements	81,537,153	86,639,704
Local Store Marketing	1,308,406	1,865,617
Consiumable Items	10,414,733	3,473,073
Packing Material	42,166,396	30,683,848
Vehicle Maintenance charges	2,463,641	2,320,070
Uniform Expenses	-	1,733,296
Freight Expenses	10,485,990	8,432,948
Commission Exp-Others	4,545	158,750
Petrol Expenses	3,782,652	2,922,293
Bad Debts Write-off	-	20,120
	152,163,516	138,249,719

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