

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

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For the year ended 31 March 2017

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**A.N. COFFEE DAY INTERNATIONAL LIMITED**OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Arlene Nahikian Rajnish Gopinath Deekshith Malle Gowda Koduvalli Puttaraj Alige Ganapaiah Naik (resigned on 13/05/2016) Naveen Nath (resigned on 13/05/2016)
Secretary	Cymanco Services Limited
Independent Auditors	KPMG Limited
Banker	Societe Generale Cyprus Limited
Registered Office	12 Esperidon Street 4th floor P.C. 1087, Nicosia Cyprus
Registration number	HE146262

**A.N. COFFEE DAY INTERNATIONAL LIMITED****MANAGEMENT REPORT**

The Board of Directors of A.N. Coffee Day International Limited (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 March 2017.

**PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS OF THE COMPANY**

The principal activities of the Company is the holding of investments.

**FINANCIAL RESULTS**

The Company's financial results for the year ended 31 March 2017 are set out on page 8 to the financial statements. The net loss for the year attributable to the shareholders of the Company amounted to US\$19.809 (2016: US\$2.553.560).

**EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY**

The current financial position as presented in the financial statements is not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

**DIVIDENDS**

The Board of Directors does not recommend the payment of a dividend.

**MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 15 to the financial statements.

**FUTURE DEVELOPMENTS**

The Board of Directors does not expect major changes in the principal activities of the Company in the foreseeable future.

**SHARE CAPITAL****Authorised capital**

On 14 June 2016 the authorised share capital of the Company was increased from €858.420 divided into 502.000 ordinary shares of €1,71 each to €859.959 divided into 502.900 ordinary shares of €1,71 each.

**Issued capital**

On 14 June 2016 the issued share capital of the Company was increased from €5.130 divided into 3.000 ordinary shares of €1,71 each to €6.669 divided into 3.900 ordinary shares of €1,71 each. The new shares were issued at a premium of €1.419 (US\$1.430) each.

**BRANCHES**

During the year ended 31 March 2017 the Company did not operate any branches.

**A.N. COFFEE DAY INTERNATIONAL LIMITED****MANAGEMENT REPORT** *(continued)***BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 March 2017 and at the date of this report are presented on page 1. Mr. Naveen Nath and Mr. Puttaraj Alige Ganapaiah Naik were resigned on 13 May 2016.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities of the Board of Directors.

**EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**RELATED PARTY TRANSACTIONS**

Disclosed in note 14 to the financial statements.

**INDEPENDENT AUDITORS**

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Cymanco Services Limited  
Secretary

Nicosia, 4 May 2017

KPMG Limited  
Εγκεκριμένοι Λογιστές  
Millenium Lion House  
Γ. Αραδιππίωτη 1, 6016 Λάρνακα, Κύπρος  
Τ.Θ. 40075, 6300 Λάρνακα, Κύπρος  
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## Independent Auditors' report

to the Members of

### A.N. COFFEE DAY INTERNATIONAL LIMITED

#### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of A.N. Coffee Day International Limited (the "Company"), which are presented on pages 8 to 24 and comprise the statement of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

#### Διοικητικοί Σύμβουλοι:

Ν.Γ. Συρίμης, Α.Κ. Χριστοφίδης, Π.Γ. Λοΐζου, Α.Μ. Γρηγοριάδης, Α.Α. Δημητρίου,  
Δ.Σ. Βάκης, Α.Α. Αποστόλου, Σ.Α. Λοΐζου, Μ.Α. Λοΐζου, Σ.Γ. Σοφοκλέους,  
Μ.Μ. Αντωνιάδης, Χ.Β. Βασιλείου, Π.Ε. Αντωνιάδης, Μ.Ι. Χάλιος, Μ.Π. Μιχαήλ,  
Π.Α. Πελετιές, Γ.Β. Μαρκίδης, Μ.Α. Παπακώστα, Κ.Α. Παπανικολάου, Α.Ι. Σιαμμούτης,  
Γ.Ν. Τζιωρτζής, Χ.Σ. Χαραλάμπους, Χ.Π. Αναγνωστός, Ι.Π. Γαλανός, Μ.Γ. Γρηγοριάδης,  
Χ.Α. Κακούλλης, Γ.Π. Σάββα, Κ.Α. Καλιάς, Κ.Ν. Καλλής, Μ.Χ. Ζαβρού, Π.Σ. Ηλία,  
Μ.Γ. Λαζάρου, Ζ.Ε. Χατζηχαριάς, Π.Σ. Θεοφάνους, Μ.Α. Καραντώνη, Κ.Α. Μαρκίδης,  
Γ.Β. Ανδρέου, Γ.Κ. Νικολάου, Γ.Σ. Προδρόμου, Α.Σ. Σοφοκλέους, Γ.Ν. Συρίμης, Τ.Ι. Γιασεμίδης

KPMG Limited, ιδιωτική εταιρεία περιορισμένης ευθύνης με μετοχές, εγγεγραμμένη στην Κύπρο με αριθμό εγγραφής  
HE 132822, το εγγεγραμμένο γραφείο της οποίας βρίσκεται στην οδό Εσπερίδων 14, 1087, Λευκωσία, Κύπρος.

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## **Independent Auditors' report**

**to the Members of**

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113).

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the *"Report on other legal requirements"* section.

### **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.



## **Independent Auditors' report**

**to the Members of**

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





**Independent Auditors' report**

**to the Members of**

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

**Other matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

A handwritten signature in blue ink, appearing to read 'Panicos Antoniadou', written over a horizontal line.

Panicos Antoniadou, FCCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
P.O.Box 40075  
6300 Larnaca  
Cyprus

17 May 2017

**A.N. COFFEE DAY INTERNATIONAL LIMITED****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 March 2017**

	Note	31/03/2017 US\$	31/03/2016 US\$
<b>Revenue</b>		-	-
Administrative and selling expenses		(12.148)	(15.378)
Other operating expenses	4	<u>-</u>	<u>(2.535.000)</u>
<b>Operating loss</b>	5	<u>(12.148)</u>	<u>(2.550.378)</u>
Finance income	6	44.686	3.263
Finance expenses	6	<u>(52.347)</u>	<u>(6.445)</u>
<b>Net finance expenses</b>		<u>(7.661)</u>	<u>(3.182)</u>
<b>Loss for the year</b>		<u>(19.809)</u>	<u>(2.553.560)</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive expense for the year</b>		<u>(19.809)</u>	<u>(2.553.560)</u>

The notes on pages 12 to 24 are an integral part of these financial statements.

## A.N. COFFEE DAY INTERNATIONAL LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	31/03/2017 US\$	31/03/2016 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	7	8,788,865	8,788,865
Receivable from own subsidiaries	14	<u>3,518,560</u>	<u>2,751,731</u>
<b>Total non-current assets</b>		<u>12,307,425</u>	<u>11,540,596</u>
<b>Current assets</b>			
Trade and other receivables	9	2,594	2,290
Loans receivable	8	2,186,645	-
Cash and cash equivalents	10	<u>1,323</u>	<u>667</u>
<b>Total current assets</b>		<u>2,190,562</u>	<u>2,957</u>
<b>Total assets</b>		<u>14,497,987</u>	<u>11,543,553</u>
<b>Equity</b>			
Share capital	11	8,185	6,462
Share premium		14,212,793	12,925,840
Reserves		<u>(2,710,279)</u>	<u>(2,690,470)</u>
<b>Total equity</b>		<u>11,510,699</u>	<u>10,241,832</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Shareholders' current accounts	14	<u>788,899</u>	<u>1,288,676</u>
<b>Total non-current liabilities</b>		<u>788,899</u>	<u>1,288,676</u>
<b>Current liabilities</b>			
Short term loans	12	2,188,431	-
Trade and other payables	13	<u>9,958</u>	<u>13,045</u>
<b>Total current liabilities</b>		<u>2,198,389</u>	<u>13,045</u>
<b>Total liabilities</b>		<u>2,987,288</u>	<u>1,301,721</u>
<b>Total equity and liabilities</b>		<u>14,497,987</u>	<u>11,543,553</u>

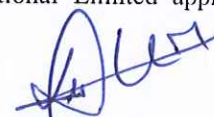
On 4 May 2017 the Board of Directors of A.N. Coffee Day International Limited approved and authorised these financial statements for issue.



Arlene Nahikian  
Director



Rajnish Gopinath  
Director



Deekshith Malle Gowda Koduvalli  
Director

The notes on pages 12 to 24 are an integral part of these financial statements.

## A.N. COFFEE DAY INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITYFor the year ended 31 March 2017

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total US\$
Balance at 01 April 2015		6.462	12.925.840	(136.910)	12.795.392
Loss for the year		<u>-</u>	<u>-</u>	<u>(2.553.560)</u>	<u>(2.553.560)</u>
Balance at 31 March 2016		<u>6.462</u>	<u>12.925.840</u>	<u>(2.690.470)</u>	<u>10.241.832</u>
Balance at 01 April 2016		6.462	12.925.840	(2.690.470)	10.241.832
Loss for the year		-	-	(19.809)	(19.809)
Issue of share capital	11	<u>1.723</u>	<u>1.286.953</u>	<u>-</u>	<u>1.288.676</u>
Balance at 31 March 2017		<u>8.185</u>	<u>14.212.793</u>	<u>(2.710.279)</u>	<u>11.510.699</u>

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividend to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the shareholders.



## A.N. COFFEE DAY INTERNATIONAL LIMITED

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Note	31/03/2017 US\$	31/03/2016 US\$
<b>Cash flows from operating activities</b>			
Loss for the year		(19.809)	(2.553.560)
Adjustments for:			
Unrealised exchange loss/(profit)		1.337	(3.263)
Impairment charge - investments in subsidiaries	7	-	2.535.000
Interest income	6	(42.760)	-
Interest expense	6	42.795	-
<b>Cash used in operations before working capital changes</b>		(18.437)	(21.823)
Increase in amount due from customers for contract work		-	(1.160.825)
Increase in trade and other receivables		(767.133)	-
Decrease in derivative financial instruments		-	1.179.002
Decrease in trade and other payables		(502.864)	-
<b>Cash used in operations</b>		(1.288.434)	(3.646)
<b>Cash flows from investing activities</b>			
Loans granted		(2.186.645)	-
Interest received		42.760	-
<b>Net cash used in investing activities</b>		(2.143.885)	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		1.723	-
Proceeds from issue of share capital and share premium		1.286.953	-
Proceeds from borrowings		2.188.431	-
Proceeds from obligations under finance leases		-	3.263
Unrealised exchange (loss)		(1.337)	-
Interest paid		(42.795)	-
<b>Net cash generated from financing activities</b>		3.432.975	3.263
<b>Net increase/(decrease) in cash and cash equivalents</b>		656	(383)
Cash and cash equivalents at beginning of the year		667	1.050
<b>Cash and cash equivalents at end of the year</b>	10	1.323	667

The notes on pages 12 to 24 are an integral part of these financial statements.

# A.N. COFFEE DAY INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 1. INCORPORATION AND PRINCIPAL ACTIVITIES

A.N. Coffee Day International Limited (the "Company") was incorporated in Cyprus on 5 March 2004 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 12 Esperidon Street, 4th floor, P.C. 1087, Nicosia, Cyprus.

The principal activities of the Company is the holding of investments.

### 2. BASIS OF PREPARATION

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

#### **(b) Basis of measurement**

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

#### **(c) Adoption of new and revised International Financial Reporting Standards and Interpretations as adopted by the European Union (EU)**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 01 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

#### **(d) Use of estimates and judgments**

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

#### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Notes 7 and 3 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

**A.N. COFFEE DAY INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**2. BASIS OF PREPARATION** *(continued)***(d) Use of estimates and judgments** *(continued)**Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(e) Functional and presentation currency**

The financial statements are presented in United States Dollars (US\$) which is the functional currency of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently for all the years presented in these financial statements.



## A.N. COFFEE DAY INTERNATIONAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

#### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

##### Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- *Dividend income*  
Dividend income is recognised when the right to receive payment is established.

##### Finance income

Interest income is recognised on a time-proportion basis using the effective method.

##### Finance expenses

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

##### Foreign currency translation

###### *(i) Functional currency*

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

###### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

##### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

##### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.



# A.N. COFFEE DAY INTERNATIONAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Financial instruments (continued)

##### *(i) Loans granted*

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

##### *(ii) Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

##### *(iii) Borrowings*

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

#### Derecognition of financial assets and liabilities

##### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognized financial assets that is created or retained by the Company is recognised as a separate asset or liability

## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

**3. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*Derecognition of financial assets and liabilities (continued)*Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**4. OTHER OPERATING EXPENSES**

	31/03/2017 US\$	31/03/2016 US\$
Impairment charge - investments in subsidiaries	-	2,535,000
	<u>-</u>	<u>2,535,000</u>

**5. OPERATING LOSS**

	31/03/2017 US\$	31/03/2016 US\$
Operating loss is stated after charging the following items:		
Independent auditors' remuneration - current year	4,246	7,574
Independent auditors' remuneration - prior years	<u>-</u>	<u>989</u>

**A.N. COFFEE DAY INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2017**6. NET FINANCE INCOME AND EXPENSES**

	31/03/2017 US\$	31/03/2016 US\$
<b>Finance income</b>		
Group interest	42.760	-
Unrealised foreign exchange profit	<u>1.926</u>	<u>3.263</u>
	<u>44.686</u>	<u>3.263</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Interest on loan from related company	42.795	-
<b>Sundry finance expenses</b>		
Bank charges	6.237	5.247
<b>Net foreign exchange transaction losses</b>		
Realised foreign exchange loss	52	1.198
Unrealised foreign exchange loss	<u>3.263</u>	<u>-</u>
	<u>52.347</u>	<u>6.445</u>

## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 7. INVESTMENTS IN SUBSIDIARIES

	2017 US\$	2016 US\$
Balance at 01 April	8.788.865	11.323.865
Impairment charge	-	(2.535.000)
Balance at 31 March	<u>8.788.865</u>	<u>8.788.865</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	31/03/2017 Holding %	31/03/2016 Holding %	31/03/2017 US\$	31/03/2016 US\$
Coffee Day Gastronomie Und Kaffeehandels GmbH	Austria	Trading	100	100	7.434.684	7.434.684
M/s Coffee Day C.Z	Czech Republic	Trading	100	100	3.889.181	3.889.181
Impairment charge					<u>(2.535.000)</u>	<u>(2.535.000)</u>
					<u>8.788.865</u>	<u>8.788.865</u>

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

A.N. Coffee Day International Limited acquired Coffee Day Gastronomie und Kaffeehandels GmbH in April 2005 and Coffee Day C.Z. a.s. in May 2010.

During the year ended 31 March 2014, the Company made an additional investment in Coffee Day Gastronomie Und Kaffeehandels GmbH and Coffee Day C.Z. a.s. for the amount of US\$7.411.282 and US\$974.849 respectively.



## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 March 2017**8. LOANS RECEIVABLE**

	2017 US\$	2016 US\$
Balance at 01 April	-	-
New loans granted	2.143.885	-
Interest charged	<u>42.760</u>	<u>-</u>
Balance at 31 March	<u>2.186.645</u>	<u>-</u>

On 27 September 2016, a loan agreement was signed between the company and Coffee Day C.Z. a.s. for the amount of €2.000.000. The loan amount bears interest at the rate of 4% and is repayable within 18 months from the date the agreement signed.

The exposure of the Company to credit risk is reported in note 15 to the financial statements.

**9. TRADE AND OTHER RECEIVABLES**

	31/03/2017 US\$	31/03/2016 US\$
Deposits and prepayments	<u>2.594</u>	<u>2.290</u>
	<u>2.594</u>	<u>2.290</u>

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 15 to the financial statements.

**10. CASH AND CASH EQUIVALENTS**

	31/03/2017 US\$	31/03/2016 US\$
Cash at bank	<u>1.323</u>	<u>667</u>
	<u>1.323</u>	<u>667</u>

## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

**10. CASH AND CASH EQUIVALENTS** *(continued)*

For the purposes of the statement of cash flows, the cash and cash equivalents include the following:

	31/03/2017 US\$	31/03/2016 US\$
Cash and cash equivalents	<u>1.323</u>	<u>667</u>
	<u>1.323</u>	<u>667</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 15 to the financial statements.

**11. SHARE CAPITAL**

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
<b>Authorised</b>				
Ordinary shares of €1,71 converted at a rate of €1=US\$1,2596	<u>502.900</u>	<u>859.959</u>	<u>502.000</u>	<u>858.420</u>
				US\$
				US\$
<b>Issued and fully paid</b>				
Balance at 01 April	3.000	6.462	3.000	6.462
Issue of shares 14 June 2016	900	-	-	-
Issue of shares	<u>-</u>	<u>1.723</u>	<u>-</u>	<u>-</u>
Balance at 31 March	<u>3.900</u>	<u>8.185</u>	<u>3.000</u>	<u>6.462</u>

**Authorised capital**

On 14 June 2016 the authorised share capital of the Company was increased from €858.420 divided into 502.000 ordinary shares of €1,71 each to €859.959 divided into 502.900 ordinary shares of €1,71 each.

**Issued capital**

On 14 June 2016 the issued share capital of the Company was increased from €5.130 divided into 3.000 ordinary shares of €1,71 each to €6.669 divided into 3.900 ordinary shares of €1,71 each. The new shares were issued at a premium of €1.419 (US\$1.430) each.

**A.N. COFFEE DAY INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2017**12. LOANS RECEIVABLES**

	2017 US\$	2016 US\$
Balance at 01 April	-	-
Additions	2,145,636	-
Interest charged	<u>42,795</u>	<u>-</u>
Balance at 31 March	<u><u>2,188,431</u></u>	<u><u>-</u></u>

On 26 September 2016, a loan agreement was signed between the company and Coffee Day Global Limited for the amount of €2,000,000. The loan amount bears interest at the rate of 4% and is repayable within 18 months from the date the agreement signed.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 15 to the financial statements.

**13. TRADE AND OTHER PAYABLES**

	31/03/2017 US\$	31/03/2016 US\$
Accruals	<u>9,958</u>	<u>13,046</u>
	<u><u>9,958</u></u>	<u><u>13,046</u></u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to liquidity risk in relation to financial instruments is reported in note 15 to the financial statements.

**14. RELATED PARTY TRANSACTIONS**

The Company is controlled by Coffee Day Global Limited, a company incorporated in India, which owns 100% of the Company's shares.

## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

**14. RELATED PARTY TRANSACTIONS (continued)**

The transactions and balances with related parties are as follows:

**(i) Receivables from own subsidiaries**

		31/03/2017 US\$	31/03/2016 US\$
<u>Name</u>	<u>Nature of transactions</u>		
Coffee Day Gastronomie Und Kaffeehandels GmbH, Austria	Finance	1.414.776	1.162.468
Coffee Day C.Z, Czech Republic	Finance	<u>2.103.784</u>	<u>1.589.263</u>
		<u>3.518.560</u>	<u>2.751.731</u>

Receivables from own subsidiaries are interest free, and have no specified repayment date.

**(ii) Loans to Subsidiary (note 8)**

	31/03/2017 US\$	31/03/2016 US\$
Coffee Day C.Z. a.s., Czech Republic	<u>2.186.645</u>	-
	<u>2.186.645</u>	-

The loan to Subsidiary Coffee Day CZ bears interest 4%, and will be repaid within 18 months from the date of issued.

**(iii) Loan from Parent Company**

	31/03/2017 US\$	31/03/2016 US\$
<u>Name</u>	<u>Nature of transactions</u>	
Coffee Day Global	Finance	<u>2.188.431</u>
		<u>2.188.431</u>

The loan from Coffee Day Global bears interest 4%, and will be repaid within 18 months from the date of issued.



## A.N. COFFEE DAY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 March 2017**14. RELATED PARTY TRANSACTIONS** *(continued)***(iv) Shareholders' current accounts - credit balances**

	31/03/2017 US\$	31/03/2016 US\$
Coffee Day Global Limited, India	<u>788.899</u>	<u>1.288.676</u>
	<u><u>788.899</u></u>	<u><u>1.288.676</u></u>

The shareholders' current accounts are interest free, and have no specified repayment date.

**15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT****Financial risk factors**

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Other risks

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

**A. Financial risk management****(i) *Credit risk***

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

***Trade and other receivables***

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in note 9.

**A.N. COFFEE DAY INTERNATIONAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2017

**15. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT** *(continued)**(ii) Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

*(iii) Other risks*

The general economic environment prevailing in Cyprus and internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to shareholders through the strive to improve the debt to equity ratio. The Company's overall strategy remains unchanged from last year.

**16. FAIR VALUES**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

**17. CONTINGENT LIABILITIES**

The Company had no contingent liabilities as at 31 March 2017.

**18. COMMITMENTS**

The Company had no capital or other commitments as at 31 March 2017.

**19. EVENTS AFTER THE REPORTING PERIOD**

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

On 18 May 2017 the Board of Directors of A.N. Coffee Day International Limited approved and authorised these financial statements for issue.

**A.N. COFFEE DAY INTERNATIONAL LIMITED**

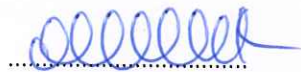
CERTIFICATE

For the year ended 31 March 2017

We hereby certify, to the best of our knowledge and belief, that:

- 1) The proceeds of all sales and all other income have been properly recorded as such in the books produced to KPMG Limited.
- 2) All expenses for the year under review represent expenses incurred wholly and exclusively for the Company's business and have been properly recorded as such in the books produced to KPMG Limited.
- 3) All transactions affecting the business for the year under review have been properly recorded in the books produced to KPMG Limited.
- 4) All reserves are properly shown and all necessary provisions have been duly made and shown as such in the books produced to KPMG Limited.
- 5) All assets and liabilities have been properly taken up as at 31 March 2017 in the books produced to KPMG Limited.
- 6) All investments in non listed titles were presented to KPMG Limited at their fair value, as determined by the Company.
- 7) The Company had no contingent liabilities as at 31 March 2017.
- 8) No events have occurred and no facts have been discovered since the year-end, which could materially affect the true and fair view of these financial statements as at 31 March 2017.

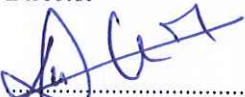
Yours truly,



Arlene Nahikian  
Director



Rajnish Gopinath  
Director



Deckshith Malle Gowda Koduvalli  
Director

Nicosia, 4 May 2017