

**SPICE DIGITAL SOUTH AFRICA (PTY) LTD  
(REGISTRATION NO 2011/010897/07)**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2017**

**IE SACKS AND ASSOCIATES INC  
CHARTERED ACCOUNTANTS (S.A.)  
REGISTERED AUDITORS**

**Prepared by: I E Sacks Accounting and Taxation Services CC**

**301 FRAMEWORK HOUSE  
4 BOUNDARY ROAD  
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# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Communication and related activities
<b>Director</b>	Arun Nagar
<b>Registered office</b>	8A-1 Sinosteel Plaza 159 Rivonia Drive Morningside Gauteng 2196
<b>Business address</b>	8A-1 Sinosteel Plaza 159 Rivonia Drive Morningside Gauteng 2196
<b>Postal address</b>	8A-1 Sinosteel Plaza 159 Rivonia Drive Morningside Gauteng 2196
<b>Holding company</b>	Spice VAS (Africa) Pte Ltd incorporated in Singapore
<b>Bankers</b>	Standard bank
<b>Auditor's</b>	IE Sacks And Associates INC Chartered Accountants (S.A.) Registered Auditors
<b>Secretary</b>	IE Sacks Accounting and Taxation Services CC
<b>Company registration number</b>	2011/010897/07
<b>Tax reference number</b>	9049617229
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	The annual financial statements were independently compiled by: IE Sacks Accounting and Taxation Services CC Professional Accountant

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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### Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

### Preparer

IE Sacks Accounting and Taxation Services CC  
Professional Accountant

### Published

08 May 2017

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Director's Responsibilities and Approval

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The director is required by the Companies Act 71 of 2008, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

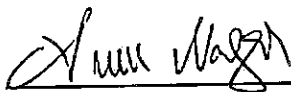
The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The director has reviewed the company's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, he is satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and as long as the subordination agreement referred to in note 4 remains in force.

The external auditor's is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on pages 4 and 5.

The annual financial statements set out on pages 8 to 21, which have been prepared on the going concern basis were approved by the director on 08 May 2017 and were signed on its behalf by:

### Approval of financial statements



Arun Nagar

8A-1 Sinosteel Plaza  
159 Rivonia Drive  
Morningside Ext  
Gauteng

Monday, 08 May 2017

# IE SACKS AND ASSOCIATES INC

Reg. No. 2017/023726/21

*Chartered Accountants (S.A.)  
Registered Auditors  
Practice reg no.924741-0000*

**DIRECTOR – Simone Mitchell CA(SA) RAA**

**TELEPHONE: 011 485 2200  
FAX: 011 485 2204**

**P O BOX 1100  
HIGHLANDS NORTH  
2037**

**301 FRAMEWORK HOUSE  
4 BOUNDARY ROAD  
ROUXVILLE  
JOHANNESBURG  
2192**

**EMAIL: auditor@netralink.com**

## **Independent Auditor's Report**

**To the shareholder of Spice Digital South Africa (Pty) Ltd**

We have audited the annual financial statements of Spice Digital South Africa (Pty) Ltd, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the director's report, as set out on 6 to 17.

### **Director's Responsibility for the Annual Financial Statements**

The company's director is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the director determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 management, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of Spice Digital South Africa (Pty) Ltd as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

### **Other matter**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on pages 19 to 21 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

## **Independent Auditor's Report**

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### **Other reports required by the companies act**

As part of our audit of the annual financial statements for the year ended March 31, 2017, we have read the Directors' Report set out on page 6 for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual financial statements. This report is the responsibility of the director. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report

**IE Sacks And Associates INC**  
**Registered Auditors**

  
Per: S Mitchell  
**Chartered Accountant (SA), RAA**

**08 May 2017**

**301 Framework House**  
**4 Boundary Road**  
**Rouxville**  
**2192**

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Director's Report

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The director submits his report for the year ended 31 March 2017.

### 1. Review of activities

#### Main business and operations

The company is engaged in communication and related activities and operates principally in South Africa.

Net profit of the company was R 878 945 (2016: loss RR 2 902 449).

### 2. Going concern

The director believes that subsequent to converting the holding company loan into share capital the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The director has satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the company. The director is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### 3. Events after the reporting period

The director is not aware of any other matter or circumstance arising since the end of the financial year.

### 4. Authorised and issued share capital

There were changes in the authorised and issued share capital of the company during the current financial year under review.

During the current financial year the authorised share capital was increased from R1 000 (comprising 1 000 ordinary shares of R1 each) to R100 000 000 (comprising 100 000 000 ordinary shares of no par value). The issued share capital was increased from R100 (comprising 100 ordinary shares of R1 each) to R40 016 870 (comprising 40 016 870 ordinary shares of no par value) by converting the existing holding company loan amounting to R40 016 770 into equity.

### 5. Dividends

No dividends were declared or paid to the shareholder during the year.

### 6. Director

The director of the company during the year and to the date of this report is as follows:

Arun Nagar

### 7. Secretary

The secretary of the company is IE Sacks Accounting and Taxation Services CC.

### 8. Holding company

The company's holding company is Spice VAS (Africa) Pte Ltd.

# Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2017

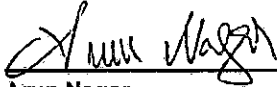
## Director's Report

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### 9. Auditor's

IE Sacks And Associates INC was appointed auditors during the current financial year and will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

The annual financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the Director on 08 May 2017 and were signed on its behalf by:



Arun Nagar

Gauteng

Monday, 08 May 2017





# Spice Digital South Africa (Pty) Ltd

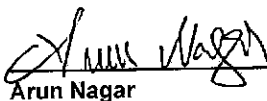
(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Financial Position as at 31 March 2017

Figures in Rand	Note(s)	2017	2016
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	2 264 808	2 891 285
Intangible assets	3	865 367	1 225 477
Deferred tax	5	828 438	828 438
		<b>3 958 613</b>	<b>4 945 200</b>
<b>Current Assets</b>			
Trade and other receivables	6	8 212 482	5 212 813
Cash and cash equivalents	7	3 640 472	1 292 853
		<b>11 852 954</b>	<b>6 505 666</b>
<b>Total Assets</b>		<b>15 811 567</b>	<b>11 450 866</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	40 016 870	100
Accumulated loss		(32 191 998)	(33 070 943)
		<b>7 824 872</b>	<b>(33 070 843)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	5 924 913	4 504 939
Loans from group companies	4	2 061 782	40 016 770
		<b>7 986 695</b>	<b>44 521 709</b>
<b>Total Equity and Liabilities</b>		<b>15 811 567</b>	<b>11 450 866</b>

The annual financial statements which appear on pages 8 to 11, were approved by the Director on the 08 May 2017 and were signed on its behalf by:



Arun Nagar

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	10	15 487 034	9 078 730
Cost of sales	11	(6 743 694)	(2 718 260)
<b>Gross profit</b>		<b>8 743 340</b>	<b>6 360 470</b>
Other income		-	1 129 688
Operating expenses		(7 860 929)	(10 235 200)
<b>Operating profit (loss)</b>	12	<b>882 411</b>	<b>(2 745 042)</b>
Finance costs	13	(3 466)	(157 407)
<b>Profit (loss) for the year</b>		<b>878 945</b>	<b>(2 902 449)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) for the year</b>		<b>878 945</b>	<b>(2 902 449)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the holding company		878 945	(2 902 449)

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## Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

### Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
<b>Balance at 01 April 2015</b>	<b>100</b>	<b>(30 168 494)</b>	<b>(30 168 394)</b>
Changes in equity	-	(2 902 449)	(2 902 449)
Total comprehensive loss for the year	-	(2 902 449)	(2 902 449)
Total changes	-	(2 902 449)	(2 902 449)
<b>Balance at 01 April 2016</b>	<b>100</b>	<b>(33 070 943)</b>	<b>(33 070 843)</b>
Changes in equity	-	878 945	878 945
Total comprehensive income for the year	-	878 945	878 945
Issue of shares	40 016 770	-	40 016 770
Total changes	40 016 770	878 945	40 895 715
<b>Balance at 31 March 2017</b>	<b>40 016 870</b>	<b>(32 191 998)</b>	<b>7 824 872</b>
Note(s)	8		

## Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

### Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	16	311 985	(4 404 154)
Finance costs	13	(3 466)	(157 407)
<b>Net cash from operating activities</b>		<b>308 519</b>	<b>(4 561 561)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(22 682)	(16 055)
Proceeds on disposal of property, plant and equipment	2	-	11 749
Purchase of other intangible assets	3	-	(183 731)
<b>Net cash from investing activities</b>		<b>(22 682)</b>	<b>(188 037)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue	8	40 016 770	-
Movement in group company loans	4	(37 954 988)	5 654 254
<b>Net cash from financing activities</b>		<b>2 061 782</b>	<b>5 654 254</b>
<b>Total cash movement for the year</b>		<b>2 347 619</b>	<b>904 656</b>
Cash at the beginning of the year		1 292 853	388 197
<b>Total cash at end of the year</b>	7	<b>3 640 472</b>	<b>1 292 853</b>

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

#### 1.2 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

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Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	7 years
Motor vehicles	Straight line	10 years
IT equipment	Straight line	3 years
IT On Site	Straight line	5 years
Leasehold improvements	Straight line	4 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

#### 1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Software development costs	5 years

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

#### 1.4 Financial instruments

##### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

### 1.5 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

The tax liability reflects the affect of the possible outcomes of a review by the tax authorities.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

#### Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Accounting Policies

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### 1.6 Leases (continued)

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or Current assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

### 1.8 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT and discounts. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue will be recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.10 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in year or directly in equity, any exchange component of that gain or loss is recognised in other comprehensive income or directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

### Notes to the Annual Financial Statements

Figures in Rand 2017 2016

#### 2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	145 768	(100 715)	45 053	145 768	(79 891)	65 877
Motor vehicles	762 925	(353 453)	409 472	762 925	(277 160)	485 765
IT equipment	380 202	(328 091)	52 111	357 519	(308 380)	49 139
IT on Site	2 661 657	(903 485)	1 758 172	2 661 657	(371 153)	2 290 504
Leasehold improvements	174 180	(174 180)	-	174 180	(174 180)	-
<b>Total</b>	<b>4 124 732</b>	<b>(1 859 924)</b>	<b>2 264 808</b>	<b>4 102 049</b>	<b>(1 210 764)</b>	<b>2 891 285</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	65 877	-	(20 824)	45 053
Motor vehicles	485 765	-	(76 293)	409 472
IT equipment	49 139	22 682	(19 710)	52 111
IT On Site	2 290 504	-	(532 332)	1 758 172
	<b>2 891 285</b>	<b>22 682</b>	<b>(649 159)</b>	<b>2 264 808</b>

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	244 474	-	(141 674)	(36 923)	65 877
Motor vehicles	562 058	-	-	(76 293)	485 765
IT equipment	118 461	16 055	-	(85 377)	49 139
IT On Site	2 661 657	-	-	(371 153)	2 290 504
	<b>3 586 650</b>	<b>16 055</b>	<b>(141 674)</b>	<b>(569 746)</b>	<b>2 891 285</b>

The IT On Site project is a revenue sharing agreement with the operator Globacom located in Benin and all the IT equipment acquired for this project were purchased from suppliers outside South Africa and delivered directly to and held at Globacom.

#### 3. Intangible assets

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Software development	1 800 549	(935 182)	865 367	1 800 549	(575 072)	1 225 477

#### Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Software development	1 225 477	(360 110)	865 367

#### Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Software development	1 395 731	183 731	(353 985)	1 225 477



# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>4. Loans to (from) group companies</b>		
Spice VAS (Africa) Pte Ltd	(2 061 782)	(40 016 770)
This loan is unsecured and interest free and repayable by mutual agreement. The prior years loan balance was converted to share capital during the current financial year.		
<b>5. Deferred tax</b>		
Foreign withholding tax credits	828 438	828 438
<b>6. Trade and other receivables</b>		
Trade receivables	6 143 242	1 125 983
Prepayments	95 893	39 201
Deposits	264 145	263 075
Other receivables	133 804	492 191
VAT receivable	1 120 956	874 384
Receivable from fellow subsidiaries	454 442	2 417 979
	<b>8 212 482</b>	<b>5 212 813</b>
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	3 640 472	1 292 853
<b>8. Share capital</b>		
<b>Authorised</b>		
100 000 000 Ordinary shares of no par value	100 000 000	1 000
<b>Reconciliation of number of shares issued:</b>		
Reported as at 01 April 2016	100	100
Issue of shares – ordinary shares	40 016 770	-
	<b>40 016 870</b>	<b>100</b>
- unissued ordinary shares are under the control of the director in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
<b>Issued</b>		
100 Ordinary shares	40 016 870	100
<b>9. Trade and other payables</b>		
Trade payables	4 679 849	3 755 019
Payable to fellow subsidiaries	630 069	116 584
Imprest accounts	(13 642)	9 270
Taxes and duties	323 553	50 903
Other payables	305 084	573 163
	<b>5 924 913</b>	<b>4 504 939</b>
<b>10. Revenue</b>		
Sale of products and services	15 487 034	9 078 730

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>11. Cost of sales</b>		
<b>Rendering of services</b>		
Cost of products and services sold	6 743 694	2 718 260
<b>12. Operating profit (loss)</b>		
Operating profit (loss) for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	457 847	623 671
Loss on sale of property, plant and equipment	-	129 925
Amortisation of software development	360 110	353 985
Depreciation on property, plant and equipment	649 159	569 746
Employee costs	2 725 194	3 557 100
Research and development	-	6 141
<b>13. Finance costs</b>		
Late payment of tax	3 466	157 407
<b>14. Taxation</b>		
No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R21 709 991 (2016: RR22 165 048).		
<b>15. Auditor's remuneration</b>		
Fees	41 727	50 000
Tax and secretarial services	-	3 350
	<b>41 727</b>	<b>53 350</b>
<b>16. Cash generated from (used in) operations</b>		
Profit (loss) before taxation	878 945	(2 902 449)
<b>Adjustments for:</b>		
Depreciation and amortisation	649 159	569 746
Loss on sale of assets	-	129 925
Finance costs	3 466	157 407
Amortisation of software development	360 110	353 985
Deferred tax	-	(828 438)
<b>Changes in working capital:</b>		
Trade and other receivables	(2 999 669)	(3 650 980)
Trade and other payables	1 419 974	1 766 650
	<b>311 985</b>	<b>(4 404 154)</b>

# Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2017

## Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>17. Related parties</b>		
<b>Relationships</b>		
Holding company	Spice VAS (Africa) Pte Ltd	
Fellow subsidiary	Spice VAS Tanzania Ltd	
Fellow subsidiary	Spice VAS Ghana Ltd	
Fellow Subsidiary	Spice Digital Nigeria Ltd	
Fellow Subsidiary	Spice VAS Zambia Ltd	
Fellow Subsidiary	Spice VAS Uganda Ltd	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
Spice VAS (Africa) Pte Ltd	(2 061 782)	(40 016 770)
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Spice VAS Ghana Ltd	(61 591)	(71 396)
Spice VAS Zambia Ltd	-	2 410 000
Spice VAS Tanzania Ltd	39 848	7 979
Spice Digital Nigeria Ltd	(568 479)	(45 188)
Spice VAS Uganda Ltd	414 593	-
<b>Compensation paid to key management</b>		
Salary	1 299 995	1 083 361
<b>18. Director's remuneration</b>		
<b>Executive</b>		
<b>2017</b>		
	<b>Emoluments</b>	<b>Total</b>
Director	1 299 995	1 299 995
<b>2016</b>		
	<b>Emoluments</b>	<b>Total</b>
Director	1 083 361	1 083 361

## Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

### Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
<b>Revenue</b>			
Rendering of services		15 487 034	9 078 730
<b>Cost of sales</b>			
Purchases		(6 743 694)	(2 718 260)
<b>Gross profit</b>		<b>8 743 340</b>	<b>6 360 470</b>
<b>Other income</b>			
Mziiki consultancy		-	1 129 688
<b>Expenses (Refer to page 20)</b>		<b>(7 860 929)</b>	<b>(10 235 200)</b>
<b>Operating profit (loss)</b>	12	<b>882 411</b>	<b>(2 745 042)</b>
Finance costs	13	(3 466)	(157 407)
<b>Profit (loss) for the year</b>		<b>878 945</b>	<b>(2 902 449)</b>

# Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

## Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
<b>Operating expenses</b>			
Advertising, marketing and promotions		496 839	3 099 013
Auditor's remuneration	15	41 727	53 350
Bad debts		-	(574)
Bank charges		22 423	25 245
Computer expenses		3 796	1 929
Consulting fees		606 873	256 674
Consumables		53 295	41 199
Depreciation, amortisation and impairments		1 009 269	923 731
Employee costs		2 725 194	3 557 100
General expenses		22 603	34 568
Insurance		56 839	57 791
Lease rentals on operating lease		457 847	623 671
Legal and professional fees		704 822	115 533
Licence and permits		2 547	1 494
Loss on disposal of assets		-	129 925
Loss on exchange differences		73 022	22 636
Motor vehicle expenses		186 835	151 271
Placement fees		25 151	-
Postage		36 383	34 806
Printing and stationery		5 947	1 835
Rates and taxes		39 050	-
Repairs and maintenance		72 642	191 289
Research and development costs		-	6 141
Staff welfare		70 445	53 074
Subscriptions		11 040	20 590
Telephone and fax		283 175	208 320
Travel and accommodation - local		232 803	144 446
Travel and accommodation- overseas		496 560	381 297
Utilities		32 038	28 390
Web expenses		55 428	34 375
Work permits		36 336	36 081
		<b>7 860 929</b>	<b>10 235 200</b>

## Spice Digital South Africa (Pty) Ltd

(Tax registration number 9049617229)

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2017

### Tax Computation

Figures in Rand	2017
Net profit per income statement	878 945
<b>Permanent differences (Non-deductible/Non taxable items)</b>	
Interest, penalties paid in respect of taxes (s23(d))	3 466
<b>Temporary differences</b>	
Amounts previously taxed as received in advance	(116 584)
Amounts received in advance - current year	630 069
Provision for royalties prior year	(3 755 019)
Provision for Royalties current year	3 642 618
Foreign withholding tax credits	(828 438)
	<b>(427 354)</b>
<b>Calculated tax profit for the year</b>	<b>455 057</b>
Assessed loss brought forward	(22 165 048)
<b>Assessed loss for 2017 - carried forward</b>	<b>(21 709 991)</b>
<b>Tax thereon @ 28% in the Rand</b>	<b>Nil</b>