
SPICE VAS (AFRICA) PTE. LTD.
(Company Registration No. 200920043K)

Financial Statements For The Year Ended March 31, 2017

Spice Vas (Africa) Pte. Ltd.

(Incorporated in the Republic of Singapore)

Directors

Arun Nagar

Chada Anitha Reddy

Secretary

Chada Anitha Reddy

Registered Office

152 Ubi Avenue 4

Singapore 408826

Auditors

Natarajan & Swaminathan

Chartered Accountants of Singapore

1 North Bridge Road

#19-04/05 High Street Centre

Singapore 179094

Index	Page
Directors' Statement	1 - 3
Independent Auditors' Report	4 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash flows	10
Notes to the Financial Statements	11 - 32

Spice Vas (Africa) Pte. Ltd.

Directors' Statement

For the financial year ended March 31, 2017

The directors present this statement to the members together with the audited financial statements of the Company for the financial year ended March 31, 2017.

1 Directors

The directors in office at the date of this statement are: -

Arun Nagar

Chada Anitha Reddy

2 Arrangements to enable directors to acquire shares and debentures

Neither during nor at the end of the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits through the acquisition of shares in, or debentures of the Company or any other body corporate.

3 Directors' interest in shares and debentures

The directors holding office at the end of the financial year had no interests in shares, debentures, warrants or share options of the Company as recorded in the Register of Directors' Shareholding kept by the Company under Section 164 of the Singapore Companies Act, except as follows:

<u>Name of director</u>	<u>At beginning of year</u>	<u>At end of year</u>
<i>Number of ordinary shares</i>		
Arun Nagar		
- Direct interest	1,289,800	1,289,800

4 Share options

Spice Vas Africa Share Award Scheme ("The Scheme")

The Scheme was approved by the Board of Directors on September 17, 2012 and by the shareholders on September 20, 2012. The Scheme is administered by Share Award Committee of Directors.

The Scheme applies to the full time employees of the Company or its subsidiaries including an executive director of the company and for any of its subsidiaries or any Promoter Group Employee (as defined in the Scheme) based on certain eligibility criteria as may be decided by the Board of Directors or Share Award Committee.

The eligible employees or participants are not required to pay for the grant of the share awards or shares received pursuant to the terms and conditions of The Scheme. The Scheme awards fully paid shares to the participants.

4 Share options (Cont'd)

Spice Vas Africa Share Award Scheme ("The Scheme") (cont'd)

The salient features of the Scheme are as set out below:-

- The aggregate number of new shares to be issued pursuant to Awards granted on any date shall not exceed 226,000 ordinary shares of the Company;
- The name of participant, date of grant and the number of Awards and the vesting period are to be decided by the Share Award Committee. The shares are released to the participant at the end of each prescribed vesting period or in the case of performance related award, the fulfillment of the performance period and performance condition;
- The Share Award shall become void, if the participant ceases to be an employee of the Company, any of its subsidiaries and/or any of its promoter group company or in the event the company by which the participant is employed ceases to be a company in the Group; and
- If the participant ceases to be an employee on or before the 3rd anniversary of the date of the Share Award (per the date of Award Letter), the employee shall transfer all his Shares received pursuant to The Scheme to the Company or its nominated person at a consideration of S\$1.00 per share; and
- The Scheme shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) periods commencing on the Adoption Date as defined in The Scheme.

Options granted during the financial year:

Except as disclosed below, there were no options granted by the Company to any person to take up unissued shares during the financial year:

- i) Under The Scheme, the Committee had granted 124,300 share awards to employees of the Company, its subsidiaries and related companies.
- ii) Of the 124,300 share awards, 32,770 ordinary shares of the Company were vested and allotted immediately upon the grant of the award in 2013 year and the remaining award shares were vested subsequent to the financial year end, which are as follows:-
 - 40,680 shares on October 23rd, 2013, out of which 20,342 shares were issued
 - 39,550 shares on October 23rd, 2014, out of which 9,040 shares were issued and
 - 11,300 shares on October 23rd, 2015, out of which no shares have been issued till date except for 2,260 shares which may be vested to an employee in the subsequent financial years. The remaining 9,040 shares will not be issued as the employees have resigned.

The management has reworked the shares to be vested as the employees to whom it was granted have left the organisation. 29,099 treasury shares bought back in the prior years were cancelled during the financial year. 13,843 allotted shares has been bought back and cancelled during the financial year. However, payment to the respective employees were made subsequent to the year end.

During the financial year, there were no other shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

5 Unissued shares under option

Except as disclosed above, there were no unissued shares of the Company under options granted by the Company as at the end of the financial year.

Spice Vas (Africa) Pte. Ltd.
Directors' Statement

For the financial year ended March 31, 2017

6 Auditors

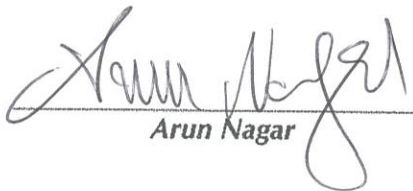
The auditors, Natarajan & Swaminathan, have expressed their willingness to accept re-appointment.


7 Directors' opinion

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Financial Reporting Standards in Singapore; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors


Arun Nagar


Chada Anitha Reddy

Date: May 19, 2017




INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SPICE VAS (AFRICA) PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **SPICE VAS (AFRICA) PTE. LTD.** (the "Company"), which comprise the statement of financial position of the Company as at March 31, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRS) so as to give a true and fair view of the financial position of the Company as at March 31, 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion

As disclosed in **Note 2(c)** to the financial statements, the Company's functional currency is United States Dollar. As per FRS 21 "The Effects of Changes in Foreign Exchange Rates", the Company is to measure its results and financial position in the functional currency. However, the Company had measured its results and financial position in Singapore Dollar, as per previous years.

We conducted our audit in accordance with Singapore Standards on Auditing (SSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 3.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SPICE VAS (AFRICA) PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
(Incorporated in the Republic of Singapore)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

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 auditor's 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 SSA 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 SSA, we exercise professional judgement and maintain professional scepticism 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 management.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SPICE VAS (AFRICA) PTE. LTD.
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
(Incorporated in the Republic of Singapore)

Auditors' Responsibilities for the Audit of the Financial Statements *(Cont'd)*

- Conclude on the appropriateness of management's 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 fair presentation.

We communicate with the 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Natarajan & Swaminathan

Natarajan & Swaminathan
Public Accountants and Chartered Accountants Singapore

Date: May 19, 2017

Spice Vas (Africa) Pte. Ltd.

Statement of Financial Position

As at March 31, 2017

	Note	<u>2017</u>	<u>2016</u>
Assets		S\$	S\$
Non-current assets			
Plant and equipment	3	138,214	389,413
Investment in subsidiaries	4	4,912,302	371,288
Advance for investment	5	2,674,044	4,540,170
Total non-current assets		<u>7,724,560</u>	<u>5,300,871</u>
Current assets			
Trade receivables	6	363,042	560,178
Other receivables	7	1,210,823	4,448,375
Cash at bank	8	274,602	630,388
Total current assets		<u>1,848,467</u>	<u>5,638,941</u>
Total assets		<u><u>9,573,027</u></u>	<u><u>10,939,812</u></u>
Equity and liabilities			
Equity			
Share capital	9	4,308,374	4,351,316
Accumulated profits		3,424,594	2,639,896
Treasury shares	10	-	(29,099)
Total equity		<u>7,732,968</u>	<u>6,962,113</u>
Non-current liability			
Deferred tax liability	12	23,496	66,200
Total non-current liability		<u>23,496</u>	<u>66,200</u>
Current liabilities			
Trade payables and accruals	13	469,477	742,258
Other payables	14	1,347,086	3,169,241
Total current liabilities		<u>1,816,563</u>	<u>3,911,499</u>
Total liabilities		<u>1,840,059</u>	<u>3,977,699</u>
Total equity and liabilities		<u><u>9,573,027</u></u>	<u><u>10,939,812</u></u>

The annexed accounting policies and explanatory notes form an integral part of the financial statements

Spice Vas (Africa) Pte. Ltd.
Statement of Comprehensive Income

For the financial year ended March 31, 2017

	Note	<u>2017</u>	<u>2016</u>
		S\$	S\$
Revenue	15	4,407,782	5,945,727
Other income	16	5,147	160,844
Cost of purchases		-	(774,930)
Salaries and employee benefits	17	(266,118)	(329,330)
Depreciation of plant and equipment	3	(256,507)	(256,781)
Other operating expenses		(2,399,384)	(3,063,263)
Profit before income tax	18	<u>1,490,920</u>	<u>1,682,267</u>
Income tax expense	19	(706,222)	(1,191,752)
Profit after income tax		<u>784,698</u>	<u>490,515</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>784,698</u></u>	<u><u>490,515</u></u>

The annexed accounting policies and explanatory notes form an integral part of the financial statements

Spice Vas (Africa) Pte. Ltd.

Statement of Changes in Equity

For the financial year ended March 31, 2017

	Note	Share capital	Accumulated profits	Treasury shares	Total
		S\$	S\$	S\$	S\$
Balance as at 01.04.2015		4,332,104	2,149,381	(9,040)	6,472,445
Issue of shares	9	29,382	-	-	29,382
Shares bought back and cancelled	9	(10,170)	-	-	(10,170)
Treasury shares acquired	10	-	-	(20,059)	(20,059)
Total comprehensive income for the year		-	490,515	-	490,515
Balance as at 31.03.2016		4,351,316	2,639,896	(29,099)	6,962,113
Treasury shares acquired	10	-	-	(13,843)	(13,843)
Treasury shares cancelled	10	(42,942)	-	42,942	-
Total comprehensive income for the year		-	784,698	-	784,698
Balance as at 31.03.2017		4,308,374	3,424,594	-	7,732,968

The annexed accounting policies and explanatory notes form an integral part of the financial statements

Spice Vas (Africa) Pte. Ltd.
Statement of Cash Flows

For the financial year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Cash flows from operating activities		
Profit before income tax	1,490,920	1,682,267
Adjustments for:		
Depreciation of plant and equipment	<u>256,507</u>	<u>256,781</u>
Operating profit before working capital changes	1,747,427	1,939,048
Trade receivables	197,136	(57,099)
Other receivables	562,664	(255,180)
Trade payables and accruals	(272,781)	90,102
Other payables	<u>15,438</u>	<u>(27,251)</u>
Cash generated from operations	2,249,884	1,689,620
Income tax paid	<u>(748,926)</u>	<u>(1,175,052)</u>
Net cash from operating activities	<u>1,500,958</u>	<u>514,568</u>
 Cash flows from investing activities		
Purchase of plant and equipment	<u>(5,308)</u>	-
Net cash used in investing activities	<u>(5,308)</u>	-
 Cash flows from financing activities		
Proceeds from issue of shares	-	29,382
Treasury shares acquired	-	(20,059)
Payment on shares bought back	(13,843)	(10,170)
Other payables - immediate holding company and director	<u>(1,837,593)</u>	<u>58,340</u>
Net cash (used in)/from financing activities	<u>(1,851,436)</u>	<u>57,493</u>
 Net (decrease)/increase in cash and cash equivalents	 (355,786)	 572,061
 Cash and cash equivalents brought forward	 630,388	 58,327
 Cash and cash equivalents carried forward	 <u><u>274,602</u></u>	 <u><u>630,388</u></u>
 Cash and cash equivalents comprise:-		
 Cash at bank	 274,602	 630,388
	 <u><u>274,602</u></u>	 <u><u>630,388</u></u>

The annexed accounting policies and explanatory notes form an integral part of the financial statements

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Registration No. 200920043K) is a private limited Company incorporated and domiciled in Singapore.

The registered and administrative office of the Company is located at 152 Ubi Avenue 4, Singapore 408826.

The principal activities of the Company are to provide value added services to cellular and fixed line subscribers and to render consultancy, technical services and dealing in computer software applications and programmes in the area of telecommunications. The Company was also engaged in the business of acting as an investment holding company.

There have been no significant changes in the nature of these activities during the financial year.

Holding company

The Company is a subsidiary of 'S Global Services Pte Ltd' (f.k.a 'S GIC Pte. Ltd. '), a company incorporated in Republic of Singapore and its ultimate holding company is Smart Global Corporate Holdings Pvt Ltd, a company incorporated in Republic of India.

Subsidiaries

Refer Note 4 to the financial statements.

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Chapter 50. These financial statements are the separate financial statements of Spice Vas (Africa) Pte. Ltd., The Company is exempted from the preparation of consolidated financial statements as the Company's intermediate holding company, Spice Digital Limited, a company incorporated in Republic of India, prepares consolidated financial statements available for public use. The corporate office address of Spice Digital Limited is as follows:

Spice Digital Limited
S Global Knowledge Park
19A & 19B, Sector -125, Noida - 201301, UP, India

The financial statements are expressed in Singapore Dollar (S\$) and are prepared under the historical cost convention except as disclosed in the accounting policies below.

2 Significant accounting policies *(Cont'd)*

a) Basis of preparation *(Cont'd)*

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances (refer **Note 2(b)** to the financial statements).

The Company adopted the new or revised FRS that is mandatory for application on that date. This includes the following FRS, which are relevant to the Company as a single entity:

FRS 1 (Amendments) : Disclosure Initiative

FRS 16/
FRS 38 (Amendments) : Clarification of Acceptable Methods of Depreciation and Amortisation

Improvements to FRSs

FRS 19 (Amendments) : Employee Benefits

FRS 107 (Amendments) : Financial Instruments: Disclosures

The adoption of these does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements.

b) Critical judgements in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management is of opinion that there are no critical judgements (other than those involving estimates) that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation

The Company depreciates the plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using the straight-line method. The estimated useful life reflects the directors' estimate of the years that the Company intends to derive future economic benefits from the use of the Company's plant and equipment. The residual values reflect the directors' estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

2 Significant accounting policies (Cont'd)

b) Critical judgements in applying the entity's accounting policies (Cont'd)

Allowance for trade and other receivables

The provision policy for doubtful debts of the Company is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Company were to deteriorate, resulting in an impairment of their ability to make payments, allowances would be made.

Investment in subsidiaries

Investment in subsidiaries are stated at cost less impairment loss, if any. In determining if there is any impairment, the management evaluates the market and economic environment in which the entities operates, the economic performance, the forecasted results, the net assets values, and the operating cash flow of these entities. The evaluation of these factors involves a significant degree of management judgment.

c) Foreign currency transactions

(i) *Functional currency*

The functional currency of the Company is United States Dollar, being the currency of the primary economic environment in which it operates. The management are of the opinion that measuring and presenting the financial statements in Singapore Dollar provides more useful information as the Company is domiciled in Singapore.

(ii) *Transactions and balances*

Transactions in currencies other than in Singapore Dollar (S\$) are recorded at the rates of exchange prevailing on the date of transaction. At each statement of financial position date, recorded monetary balances that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

All exchange differences are included in the profit or loss for the year.

d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit or loss. When assets are sold or retired, their cost and accumulated depreciation and impairment loss are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit or loss.

e) Depreciation of plant and equipment

Depreciation is calculated on a straight-line method to write off the cost of the plant and equipment over their estimated useful lives at the following annual rates:

Office equipment	-	33.33%
Computers onsite	-	20%

2 Significant accounting policies (Cont'd)

f) Investment in subsidiaries

Subsidiaries are entities over which the Company has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in the subsidiaries are carried at cost less accumulated impairment losses, if any, in the Company's statement of financial position. On disposal of investments in subsidiaries, the differences between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

g) Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

h) Financial instruments

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

2 Significant accounting policies (Cont'd)

h) Financial instruments (Cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter year. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Financial assets are classified as one of the financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

Recognition

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at the time of initial recognition, and where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

As of year end the Company has the following classes of financial assets:-

- *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as "trade and other receivables" and "cash and bank balances" on the statement of financial position. They are presented as current assets, except for those maturing 12 months after the financial position date, which are presented as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. For short term receivables the nominal cost would approximate the fair value.

Impairment

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

2 Significant accounting policies (Cont'd)

h) Financial instruments (Cont'd)

Impairment (Cont'd)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if any, if in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities include trade payables on normal trade terms, other payables and interest-bearing loans and borrowings.

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis. For short term payables the cost approximates the fair value.

Interest-bearing bank loans and overdraft are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for finance costs.

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expire.

2 Significant accounting policies (Cont'd)

i) **Cash and cash equivalents**

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

j) **Related party**

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others, classified as related company);
- (ii) One entity is an associate or joint venture of the other entity (for an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of the third entity and the other entity is an associate of the third party;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); and
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

k) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of value added tax, rebates, discounts and sales returns.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows:-

Service income

Service income is recognised upon completion of the service rendered.

Management and other service income

Management and other services income are recognised upon the completion of the service rendered.

2 Significant accounting policies (Cont'd)

l) Employee benefits

Retirement benefit costs

As required by law, the Company makes contributions to the Central Provident Fund (CPF), a defined contribution plan regulated and managed by the Government of Singapore. CPF contributions are recognised as expense in the same period to which the contribution relates.

Employee entitlements to annual leave are recognised when they accrue to the employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employees up to the statement of financial position date.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the Company are considered key management personnel.

m) Treasury shares

The Company's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

n) Goods and services 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 services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

o) Income tax

Income tax expense represents the sum of tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using statutory tax rate at the statement of financial position date.

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

2 Significant accounting policies (Cont'd)

o) Income tax (Cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset, realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt, within equity.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on net basis.

3 Plant and equipment

<u>2017</u>	<u>Office equipment</u>	<u>Computers onsite</u>	<u>Total</u>
	S\$	S\$	S\$
Cost			
At April 1, 2016	151	1,300,319	1,300,470
Additions	-	5,308	5,308
At March 31, 2017	151	1,305,627	1,305,778
Depreciation			
At April 1, 2016	151	910,906	911,057
Charge for the year	-	256,507	256,507
At March 31, 2017	151	1,167,413	1,167,564
Net book value			
At March 31, 2017	-	138,214	138,214

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

3 Plant and equipment (Cont'd)

2016	Office equipment	Computers onsite	Total
	S\$	S\$	S\$
Cost			
At April 1, 2015	151	1,300,319	1,300,470
At March 31, 2016	151	1,300,319	1,300,470
Depreciation			
At April 1, 2015	124	654,152	654,276
Charge for the year	27	256,754	256,781
At March 31, 2016	151	910,906	911,057
Net book value			
At March 31, 2016	-	389,413	389,413

4 Investment in subsidiaries

	2017	2016
	S\$	S\$
Unquoted equity shares, at cost	4,912,302	371,288

Details of subsidiaries are as follows:-

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Percentage of equity held		Cost	
			2017	2016	2017	2016
			%	%	S\$	S\$
Spice Digital Nigeria Limited (*) (@)	Republic of Nigeria	Providing value added services to telecom subscribers	100	100	88,333	88,333
Spice Vas Kenya Ltd (#) (*)	Republic of Kenya	Providing value added services to telecom subscribers	80	80	1,842	1,842
Spice Vas Uganda Ltd (*)	Republic of Uganda	Providing value added services to telecom subscribers	75	75	417	417
Spice Vas Ghana Limited (*)	Republic of Ghana	Providing value added services to telecom subscribers	100	100	66,200	66,200
Spice Vas Tanzania Ltd (+) (*)	United Republic of Tanzania	Providing value added services to telecom subscribers	65	65	213,200	213,200

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

4 Investment in subsidiaries (Cont'd)

Details of subsidiaries are as follows:-

Name of subsidiaries	Country of incorporation and place of business	Principal activities	Percentage of equity held		Cost	
			2017	2016	2017	2016
			%	%	S\$	S\$
Spice Digital South Africa (Pty) Ltd (*)	The Republic of South Africa	Providing value added services to telecom subscribers	100	100	4,540,186	16
Spice Vas Zambia Ltd (*) (^)	Republic of Zambia	Providing value added services to telecom subscribers	100	100	1,280	1,280
Spice Vas RDC (*)	Democratic Republic of Congo	Providing value added services to telecom subscribers	100	-	707	-
SVA (Mauritius) Pvt. Ltd. (*)	Mauritius	Providing value added services to telecom subscribers	100	-	137	-
					4,912,302	371,288

(*) Audited by other firm of auditors.

(@) One share of the subsidiary is held by certain director of the Company.

(#) An additional equity interest of 20% is held by a third party on behalf of the Company.

(+) An additional equity interest of 35% is held by a third party on behalf of the Company.

(^) One share of the subsidiary is held by a third party on behalf of the Company.

5 Advance for investment

The advance is given to subsidiary Spice Digital Nigeria Ltd, against which shares will be issued after year end by the subsidiary Spice Digital Nigeria Ltd. As of date no shares are issued. During the financial year, the Company capitalised the advance receivables from its subsidiary "Spice Digital South Africa (Pty) Ltd" into investment in shares for S\$4,540,170 (Rand 40,016,770).

6 Trade receivables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Outside parties	306,441	511,427
Less: Allowance for doubtful debts		
- At beginning of year	68,016	19,610
- Charge for the year	125,869	48,406
- At end of year	<u>193,885</u>	<u>68,016</u>
	112,556	443,411
Unbilled revenue	250,441	116,739
GST receivable	45	28
	<u><u>363,042</u></u>	<u><u>560,178</u></u>

The average credit period is 180 days (2016:180 days). No interest is charged on the trade receivables due from outside parties.

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

6 Trade receivables (Cont'd)

The table below is an analysis of trade receivables aging:-

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Not past due	<u>363,042</u>	<u>560,178</u>

The Company has not made any allowance on these receivables as the directors are of the view that all the receivables are recoverable. Amount not deemed recoverable or doubtful of recovery has been written off or allowance has been made by the management.

The trade receivables that are not denominated in Singapore Dollar are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
United States Dollar	<u>362,997</u>	<u>560,150</u>

7 Other receivables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Sundry receivables	11,680	20,110
Subsidiaries	1,172,499	4,409,391
Deposits	13,035	13,035
Prepayments	13,609	5,839
	<u>1,210,823</u>	<u>4,448,375</u>

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The other receivables that are not denominated in Singapore Dollar are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Kenya Shillings	486,029	-
Nigerian Naira	211,518	-
Tanzanian Shillings	406,069	-
United States Dollar	240,701	4,448,375
Zambian kwacha	<u>(143,093)</u>	<u>-</u>

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

8 Cash at bank

The cash at bank that are not denominated in Singapore Dollar are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
United States Dollar	<u>273,375</u>	<u>628,732</u>

9 Share capital

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	No. of shares issued	S\$	No. of shares issued	S\$
Ordinary shares issued and fully paid up				
Balance at beginning of year	4,351,316	4,351,316	4,332,104	4,332,104
Shares issued	-	-	29,382	29,382
Shares bought back and cancelled	-	-	(10,170)	(10,170)
Treasury shares cancelled	(42,942)	(42,942)	-	-
Balance at end of year	<u>4,308,374</u>	<u>4,308,374</u>	<u>4,351,316</u>	<u>4,351,316</u>

During the financial year, the Company bought back and cancelled 13,843 ordinary shares from its former staff upon their resignation. The management has approved the buyback and cancellation in March 2017. However, the payment to the respective employees were made subsequent to the year end.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction and have no par value.

10 Treasury shares

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
	No. of shares issued	S\$	No. of shares issued	S\$
Treasury shares acquired and fully paid up				
Balance at beginning of year	(29,099)	(29,099)	(9,040)	(9,040)
Treasury shares acquired	(13,843)	(13,843)	(20,059)	(20,059)
Treasury shares cancelled	42,942	42,942	-	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>(29,099)</u>	<u>(29,099)</u>

Treasury shares relate to ordinary shares of the Company that is held by the Company.

During the financial year, the Company cancelled 29,099 treasury shares that is held in equity at year end. The Company also bought back and cancelled 13,843 ordinary shares from employees who had resigned during the year. However, payment to the respective employees were made subsequent to the year end.

11 Equity compensation benefits

Spice Vas Africa Share Award Scheme ("The Scheme")

The Scheme was approved by the Board of Directors on September 17, 2012 and by the shareholders on September 20, 2012. The Scheme is administered by Share Award Committee of Directors.

The Scheme applies to the full time employees of the Company or its subsidiaries including an executive director of the company and for any of its subsidiaries or any Promoter Group Employee (as defined in the Scheme) based on certain eligibility criteria as may be decided by the Board of Directors or Share Award Committee.

The eligible employees or participants are not required to pay for the grant of the share awards or shares received pursuant to the terms and conditions of The Scheme. The Scheme awards fully paid shares to the participants.

The salient features of the Scheme are as set out below:-

- The aggregate number of new shares to be issued pursuant to Awards granted on any date shall not exceed 226,000 ordinary shares of the Company;
- The name of participant, date of grant and the number of Awards and the vesting period are to be decided by the Share Award Committee. The shares are released to the participant at the end of each prescribed vesting period or in the case of performance related award, the fulfillment of the performance period and performance condition;
- The Share Award shall become void, if the participant ceases to be an employee of the Company, any of its subsidiaries and/or any of its promoter group company or in the event the company by which the participant is employed ceases to be a company in the Group; and
- If the participant ceases to be an employee on or before the 3rd anniversary of the date of the Share Award (per the date of Award Letter), the employee shall transfer all his Shares received pursuant to The Scheme to the Company or its nominated person at a consideration of S\$1.00 per share; and
- The Scheme shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) years commencing on the Adoption Date as defined in The Scheme.

Options granted during the financial year:

Except as disclosed below, there were no options granted by the Company to any person to take up unissued shares during the financial year:

- i) Under The Scheme, the Committee had granted 124,300 share awards to employees of the Company, its subsidiaries and related companies.

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

11 Equity compensation benefits (Cont'd)

Spice Vas Africa Share Award Scheme ("The Scheme") (Cont'd)

ii) Of the 124,300 share awards, 32,770 ordinary shares of the Company were vested and allotted immediately upon the grant of the award during the year 2013 and the remaining award shares were vested are as follows:-

- 40,680 shares on October 23rd, 2013, out of which 20,342 shares were issued
- 39,550 shares on October 23rd, 2014, out of which 9,040 shares were issued and
- 11,300 shares on October 23rd, 2015, out of which no shares have been issued till date except for 2,260 shares which may be vested to an employee in the subsequent financial years. The remaining 9,040 shares will not be issued as the employees have resigned.

The management has reworked the shares to be vested as the employees to whom it was granted have left the organisation. 29,099 treasury shares bought back in the prior years were cancelled during the financial year. 13,843 allotted shares has been bought back and cancelled during the financial year. However, payment to the respective employees were made subsequent to the year end.

The fair value of the shares awarded, in the opinion of the management is S\$1 per ordinary share, on the basis that it approximates the Company's net tangible asset value per share and there is no ready available market for the sale and purchases of the shares. In addition, there is no comparative company whose shares or options that are traded in the equity market from which it can derive its indicative fair value.

During the financial year, there were no other shares of the Company issued by virtue of the exercise of an option to take up unissued shares. Except as disclosed above, there were no unissued shares of the Company under options granted by the end of the financial year.

12 Deferred tax liability

The movement in the deferred tax liability is as follows:

	<u>Accelerated tax depreciation</u>	
	<u>2017</u>	<u>2016</u>
	S\$	S\$
At beginning of period	66,200	49,500
(Credit)/charge to profit or loss	(42,704)	16,700
At end of period	<u>23,496</u>	<u>66,200</u>

13 Trade payables and accruals

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Trade payables:		
- Outside party	20,876	81,474
- Related party	177,722	102,083
Accrued expenses	270,879	558,701
	<u>469,477</u>	<u>742,258</u>

Spice Vas (Africa) Pte. Ltd.
Notes to the Financial Statements

For the financial year ended March 31, 2017

13 Trade payables and accruals (Cont'd)

The average credit period is 30 days (2016:30 days)

The trade payables and accruals that are not denominated in Singapore Dollar are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
United States Dollar	<u>337,919</u>	<u>349,807</u>

14 Other payables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Sundry payables	16,804	7,581
Holding company	1,066,143	2,574,551
Related company	71,053	68,884
Director	186,118	517,472
Employees provision for equity compensation	6,968	753
	<u>1,347,086</u>	<u>3,169,241</u>

The amount due to holding company, related company and director are unsecured, interest free and repayable on demand.

The other payables that are not denominated in Singapore Dollar are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
United States Dollar	<u>91,245</u>	<u>598,320</u>

15 Revenue

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Service income	971,570	1,760,963
Sale of handsets	-	781,543
Management income	<u>3,436,212</u>	<u>3,403,221</u>
	<u>4,407,782</u>	<u>5,945,727</u>

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

16 Other income

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Foreign exchange gain	-	158,409
Miscellaneous income	5,147	2,435
	<u>5,147</u>	<u>160,844</u>

17 Salaries and employee benefits

Salaries and employee benefits for the financial year ended;

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Salaries and allowances	264,434	327,354
Staff welfare	1,684	1,976
	<u>266,118</u>	<u>329,330</u>

The key management personnel comprises directors who do not receive any short-term employee benefits during the financial year.

18 Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the income statement, this item includes the following charges/(credits):-

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Allowance for doubtful debts - trade (outside parties)	125,869	48,406
Consultancy fees	1,526,813	1,357,428
Content expenses	138,645	1,194,574
Foreign exchange loss/(gain)	79,785	(158,409)
Professional fees	65,390	109,640
	<u>65,390</u>	<u>109,640</u>

19 Income tax expense

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Current year	259,565	243,616
Deferred tax	(42,704)	16,700
Foreign tax paid	489,361	931,436
	<u>706,222</u>	<u>1,191,752</u>

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

19 Income tax expense (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to the profit before income tax as a result of the following differences:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Profit before income tax	<u>1,490,920</u>	<u>1,682,267</u>
Tax expense at tax rate of 17%	253,456	285,985
Non-taxable income	(875)	(2,843)
Non-deductible items	8,978	8,600
Statutory stepped income exemption	(25,925)	(25,925)
Productivity and innovation credit	(8,773)	-
Corporate tax rebate	(10,000)	(20,000)
Deferred tax		
- Prior year under provision	-	16,700
Other items	-	(2,201)
Foreign tax paid	489,361	931,436
Income tax expense for the financial year	<u>706,222</u>	<u>1,191,752</u>

20 Related companies transactions

Some of the Company's transactions and arrangement are with subsidiaries and related company and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with these parties are unsecured, interest free and repayable on demand unless otherwise stated.

During the year, the Company entered into the following transactions:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<i>Subsidiaries</i>		
Management fees income	<u>3,436,212</u>	<u>3,403,221</u>
<i>Related company</i>		
Consultancy charges	<u>1,017,815</u>	<u>951,097</u>

21 Financial instruments, financial and capital risk management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the statement of financial position date:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Financial assets		
Loans and receivables	<u>1,834,858</u>	<u>5,633,102</u>

Loans and receivables under financial assets comprise trade receivables, other receivables and cash at bank.

21 Financial instruments, financial and capital risk management (Cont'd)

(a) Categories of financial instruments (Cont'd)

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Financial liabilities		
Amortised cost	<u>1,816,563</u>	<u>3,911,499</u>

Amortised costs under financial liabilities comprise trade payables and accruals and other payables.

(b) Fair value measurements

The assets and liabilities measured at fair value are classified by the following level of fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) 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 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The financial assets and liabilities of the Company comprise trade receivables, other receivables, cash at bank, trade payables and accruals and other payables. The carrying values of the financial assets and liabilities as shown in the statement of financial position approximate their fair value amounts at the statement of financial position date. The carrying values of these assets and liabilities are the nominal or cost values.

(c) Financial risk

The management reviews and agrees policies for managing risk with a view to minimise potential adverse effects of financial performance of the Company. Each of these risks are summarised below:

Interest rate risk

The Company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company has no significant liquidity risk. It maintains a level of bank balances that is sufficient for working capital purposes.

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

21 Financial instruments, financial and capital risk management (Cont'd)

(c) Financial risk (Cont'd)

Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount	Cash flows		
		Contractual cash flow	Less than 1 year	Within 2 to 5 years
	S\$	S\$	S\$	S\$
<u>2017</u>				
Non-derivative financial liabilities				
Trade and other payables	<u>1,816,563</u>	<u>(1,816,563)</u>	<u>(1,816,563)</u>	<u>-</u>
<u>2016</u>				
Non-derivative financial liabilities				
Trade and other payables	<u>3,911,499</u>	<u>(3,911,499)</u>	<u>(3,911,499)</u>	<u>-</u>

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

As at statement of financial position date, the Company has no significant concentration of credit risk in relation to any single external receivable other than for its advances to its subsidiaries as disclosed in **Note 6** respectively to the financial statements.

Cash at bank are placed with credit worthy financial institutions.

The carrying amount of the Company's trade receivables, other receivables and cash at bank represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Foreign currency risk

The Company is exposed to foreign exchange movement on its receivables and payable. No hedge has been taken up from this exposure and it is not material.

The Company has made investments in foreign subsidiaries and also advances for investments. The Company's net assets are exposed to currency translation risk. Currency exposure to the net assets of the Company's subsidiaries is not actively managed and no hedge has been taken up from this exposure.

As at financial year end, the carrying amount of monetary assets and liabilities denominated in currencies other than in Singapore Dollar are disclosed in the respective notes to the financial statements.

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

21 Financial instruments, financial and capital risk management (Cont'd)

Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Any increase or decrease in the following currencies will have an impact on the financial statements.

	<u>2017</u>	<u>2016</u>
	S\$	S\$
<i>Increase in the rate of the foreign currencies by 10% against Singapore Dollar will increase/(decrease) the profit before tax by the following amounts:</i>		
Kenya Shillings	49,000	-
Nigerian Naira	21,000	-
Tanzanian Shillings	41,000	-
United States Dollar	45,000	4,448,375
Zambian Kwacha	<u>(14,000)</u>	<u>-</u>

A corresponding decrease in the rate of foreign currencies will have a vice versa effect on the results of the Company.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Company has no significant exposure to price risk.

(d) **Capital risk management**

The management considers the capital of the Company to mainly consist of shareholders equity.

The management manages the capital to ensure the Company will be able to continue as a going concern while maximising the return to shareholders through optimisation of the capital.

The management's overall strategy remains unchanged from 2016.

22 New accounting standards and FRS interpretations

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Company were issued and not effective.

	<u>Effective from annual periods beginning on or after</u>
FRS 7 (Amendments) : Disclosure Initiative	January 1, 2017
FRS 12 (Amendments) : Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017

Spice Vas (Africa) Pte. Ltd.

Notes to the Financial Statements

For the financial year ended March 31, 2017

22 Financial instruments, financial and capital risk management (Cont'd)

	<u>Effective from annual periods beginning on or after</u>
FRS 40 (Amendments) : Transfers of Investment Property	January 1, 2018
FRS 102 (Amendments) : Classification and Measurement of Share-based Payment Transactions	January 1, 2018
FRS 109 : Financial Instruments	January 1, 2018
FRS 115 (Amendments) : Revenue from Contracts with Customers	January 1, 2018
FRS 116 : Leases	January 1, 2019

Improvements to FRSs

FRS 101 (Amendments) : First-time Adoption of Financial Reporting Standards	January 1, 2018
---	-----------------

The management anticipates that the adoption of the above FRS and INT FRS does not result in any significant changes to the Company's accounting policies or have any significant impact on the financial statements of the Company.

23 Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on May 19, 2017.

Spice Vas (Africa) Pte. Ltd.

The Accompanying Supplementary Detailed Income Statement

Has Been Prepared For Management Purposes Only

And Does Not Form Part Of The Audited Financial Statements

Spice Vas (Africa) Pte. Ltd.

Detailed Income Statement

For the financial year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Revenue		
Service income	971,570	1,760,963
Sale of handsets	-	781,543
Management income	3,436,212	3,403,221
	<u>4,407,782</u>	<u>5,945,727</u>
Other income		
Foreign exchange gain	-	158,409
Miscellaneous income	5,147	2,435
	<u>5,147</u>	<u>160,844</u>
Cost of purchases		
Purchase of handsets	-	(774,930)
Salaries and employee benefits		
Salaries and allowances	(264,434)	(327,354)
Staff welfare	(1,684)	(1,976)
	<u>(266,118)</u>	<u>(329,330)</u>
Depreciation of plant and equipment	<u>(256,507)</u>	<u>(256,781)</u>
Other operating expenses		
Bank charges	(39,502)	(48,425)
Allowance for doubtful debts - trade (outside parties)	(125,869)	(48,406)
Business promotion	(115,653)	(26,535)
Clearing and forwarding charges	(3,068)	(1,361)
Consultancy charges	(1,526,813)	(1,357,428)
Entertainment	(4,536)	(3,708)
Foreign exchange loss	(79,785)	-
General expenses	(232,311)	(213,606)
Content expenses	(138,645)	(1,194,574)
Postage and courier	(3,058)	(2,321)
Printing and stationery	(42)	(275)
Professional fees	(65,390)	(109,640)
Repairs and maintenance	(171)	(529)
Telecom	(3,971)	(5,842)
Transport	(4,372)	(3,558)
Travelling expenses	(56,198)	(47,055)
	<u>(2,399,384)</u>	<u>(3,063,263)</u>
Profit before income tax	1,490,920	1,682,267
Income tax expense		
- Current year	(259,565)	(243,616)
- Deferred tax	42,704	(16,700)
- Foreign tax paid	(489,361)	(931,436)
Profit after income tax	<u>784,698</u>	<u>490,515</u>
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>784,698</u></u>	<u><u>490,515</u></u>

Not Part Of Audited Financial Statements