SPICE VAS ZAMBIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 March 2017

SPICE VAS ZAMBIA LIMITED
(incorporated in Zambia)

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for the year ended 31 March 2017

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SPICE VAS ZAMBIA LIMITED

REPORT OF THE DIRECTORS

Kwacha

The Directors are pleased to present their report and the audited financial statements for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company is the provision of mobile telecommunication's value added products, services and platforms.

SHARE CAPITAL

Authorised share capital is Fifteen Thousand (15,000) (2016: 10,000) ordinary shares of K1 each. The issued and fully paid share capital is 5,000 ordinary shares of K1 each. Spice VAS (Africa) Pte. Ltd. owns 4,999 ordinary shares and Mr. V. Madhusudan held the remaining 1 share as a nominee of Spice VAS (Africa) Pte. Ltd. and the beneficial ownership is with Spice VAS (Africa) Pte. Ltd.

OPERATING RESULTS AND DIVIDENDS

	2017	2016
	Kwacha	Kwacha
Revenue	9,172,122	12,504,187
Profit/(Loss) for the year	2,121,665	(635,941)

No dividend was declared for the year under review.

AVERAGE NUMBER AND REMUNERATION OF EMPLOYEES

The total remuneration of employees during the year amounted to Kwacha **821,615** (2016- Kwacha 978,361) and the average number of employees for each month of the year was as follows:

Month	Number	Month	Number
April 16	3	October 16	3
May 16	3	November 16	3
June 16	3	December 16	3
July 16	3	January 17	3
August 16	3	February 17	3
September 16	3	March 17	3

HEALTH AND SAFETY OF EMPLOYEES

The Company recognises its responsibility regarding occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

DONATIONS

There were no charitable donations made during the year.

PROPERTY, PLANT AND EQUIPMENT

Additions to property and equipment amounted to **NIL** **(2016-20 Kwacha 702).**

DIRECTORS

The following directors held office during the year:

Mr. Arun Nagar	Director
Mr. Chrispin H. Munyati	Director
Mr. Namish Sharma	Director

None of the directors had a material interest in any significant contract made during the year.

STATEMENT OF CORPORATE GOVERNANCE

The Company continues to commit itself to achieving high standards of corporate governance by adhering to monitoring and ensuring accountability.

AUDITORS

The auditors, Baker Tilly Merali's , have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

By Order of the Board.

Director Date **Director** **Date:**

SPICE VAS ZAMBIA LIMITED

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Section 164(6) of the Companies Act, 2000 (as amended) requires the Directors to prepare financial statements for each financial year which give a true and fair view of the affairs of the Company and the profit or loss for that year.

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditor, Messrs Baker Tilly Merali's, have audited the annual financial statements and their report is shown on pages 4 and 5.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

- the statement of comprehensive income is drawn up so as to give a true and fair view of the loss of the Company for the financial year ended 31 March 2017;
- the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and
- the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended).

Signed on behalf of the Board by:

______________)
)
) **DIRECTORS**
)
______________)

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REPORT OF THE INDEPENDENT AUDITOR

To the members of
Spice VAS Zambia Limited

Report on the financial statements

We have audited the accompanying financial statements of Spice VAS Zambia Limited, 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 information.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended) and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Spice VAS Zambia Limited as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2000 (as amended).

Report on other legal matters

The Companies Act, 2000 (as amended) requires that in carrying out our audit, we consider and report to you on the following matter: we confirm that, in our opinion, the accounting and other records and registers required by the Act have been properly kept in accordance with the Act.

BAKER TILLY MERALI'S

Mpmeralis

M P K MERALIS
PARTNER

DATE: 28 | 04 | 2017

LUSAKA

SPICE VAS ZAMBIA LIMITED

STATEMENT OF FINANCIAL POSITION
at 31 March 2017

Kwacha	NOTES	2017	2016
ASSETS			
Non-current assets			
Plant and equipment	5	543,282	1,068,907
Current assets			
Trade receivables	7	3,224,573	2,777,368
Other receivables	8	592,426	781,763
Amounts due from a related party	10	128,985	-
Cash and bank balances		113,279	1,191,551
		4,059,263	4,750,682
TOTAL ASSETS		4,602,545	5,819,589
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	5,000	5,000
Revenue reserves		1,269,016	(852,649)
Total equity		1,274,016	(847,649)
Current liabilities			
Trade and other payables	12	2,354,675	3,567,006
Provisions	13	954,559	100,000
Amounts due to related parties	10	19,296	3,000,232
		3,328,529	6,667,238
Total liabilities		3,328,529	6,667,238
TOTAL EQUITY AND LIABILITIES		4,602,545	5,819,589

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 3. The financial statements on pages 6 to 25 were approved for issue by the Board of Directors on and were signed on its behalf by:

DIRECTORS

SPICE VAS ZAMBIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

Kwacha

	Notes	2017	2016
REVENUE	6	**9,172,122**	12,504,187
COST OF SALES		**(2,687,840)**	(4,733,234)
GROSS PROFIT		**6,484,282**	7,770,953
Other operating income		**-**	-
PROFIT BEFORE OPERATING EXPENDITURE		**6,484,282**	7,770,953
OPERATING EXPENDITURE			
Other operating expenses		**(1,834,425)**	(4,288,423)
Administrative expenses		**(317,061)**	(1,426,717)
Employee benefits expense		**(840,395)**	(978,361)
Advertising and promotions		**(15,704)**	(31,010)
		(3,007,585)	(6,724,511)
OPERATING PROFIT		**3,476,697**	1,046,442
Depreciation and amortisation	5	**(525,623)**	(620,813)
Net exchange gain/(losses)		**25,148**	(1,061,570)
PROFIT/(LOSS) BEFORE TAX		**2,976,222**	(635,941)
Income tax		**(854,558)**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,121,665**	(635,941)
Attributed to:			
Owners of the company		**2,121,665**	(635,941)

SPICE VAS ZAMBIA LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

Kwacha

	Share capital	Retained earnings	Total
Balance at 1 April 2015	5,000	(216,708)	(211,708)
Loss for the year	-	(635,941)	(635,941)
Balance at 31 March 2016	**5,000**	**(852,649)**	**(847,649)**
Balance at 1 April 2016	**5,000**	**(852,649)**	**(847,649)**
Profit for the year	-	**2,121,665**	**2,121,665**
Balance at 31 March 2017	**5,000**	**1,269,016**	**1,274,016**

SPICE VAS ZAMBIA LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2017

Kwacha	NOTE	2017	2016
OPERATING ACTIVITIES			
Profit/(Loss) before tax		**2,976,222**	(635,941)
Adjusted for:			
Depreciation expense	5	**525,625**	620,813
			-
		3,501,847	(15,128)
Movements in working capital:			
(Increase)/decrease in trade receivables	7	**(447,205)**	614,790
Decrease/(Increase) in other receivables	8	**189,337**	(52,917)
(Decrease)/increase in trade and other payables	12	**(1,212,331)**	1,533,094
Increase in provisions		**854,559**	-
Decrease in amounts due to a related parties	10	**(3,109,921)**	(1,841,359)
Cash (used in)/generated from operating activities		**(223,714)**	238,480
Income taxes paid		**(854,558)**	-
Net cash (used in)/generated from operating activities		**(1,078,272)**	238,480
INVESTING ACTIVITIES			
Acquisition of plant and equipment	5	**-**	(20,702)
Net cash used in investing activities		**-**	(20,702)
Net (decrease)/increase in cash and cash equivalents		**(1,078,272)**	217,778
Cash and cash equivalents at beginning of the year		**1,191,551**	973,773
Cash and cash equivalents at end of the year		**113,279**	1,191,551
Comprised of:			
Cash and bank balances		**113,279**	1,191,551

1. GENERAL INFORMATION

Spice VAS Zambia Limited was incorporated in Zambia under the Companies Act as a Limited Liability Company. Its registered office is at:

2nd Floor Chanik House
P O Box 34376
Off Cairo Road
Lusaka

The principal activities of the Company is the provision of mobile telecommunication's value added products, services and platforms.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised IFRSs have been applied in the current period and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements that have had no material effect on the financial statements are set out in section 2.2.

New and revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)	The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Company has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.
Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)	The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Company has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

2.2 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have also been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2009)	The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or noncurrent.
Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 New and revised IFRSs applied with no material effect on the financial statements (continued)

Improvements to IFRSs issued in 2009	Except for the amendments to IAS 1 and IAS 7 described earlier in section 2.1, the application of Improvements to IFRSs issued in 2009 has not had any material effect on amounts reported in the financial statements.

2.3 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 1	*Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* [1]
Amendments to IFRS 7	*Disclosures – Transfers of Financial Assets* [2]
IFRS 9 (as amended in 2010)	*Financial Instruments* [3]
IAS 24 (revised in 2009)	*Related Party Disclosures* [4]
Amendments to IAS 32	*Classification of Rights Issues* [5]
Amendments to IFRIC 14	*Prepayments of a Minimum Funding Requirement* [4]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments* [1]

Improvements to IFRSs issued in 2010 (except for the amendments to IFRS 3 (2008), IFRS 7, and IAS 1 described earlier in section 2.1)

1 Effective for annual periods beginning on or after 1 July 2010.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

IFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.3 New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard will have a significant impact on amounts reported in respect of the Companys' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to IFRS 7 titled *Disclosures – Transfers of Financial Assets* increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures regarding transfers of trade receivables previously effected. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

IAS 24 *Related Party Disclosures* (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Company because the Company is not a government-related entity. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may fall within the scope of the Standard.

The amendments to IAS 32 titled *Classification of Rights Issues* address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date the Company has not entered into any arrangements that would fall within the scope of the amendments. However, if the Company does enter into any rights issues within the scope of these amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date the Company has not entered into transactions of this nature. However, if the Company does enter into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements are presented in Zambian Kwacha, rounded to the nearest Kwacha.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from sale of goods is recognised when goods are delivered and legal title is passed.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.4 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Zambian Kwacha ('ZK'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional

Exchange differences are recognised in the income statement in the year in which they arise.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Borrowing costs (continued)

All other borrowing costs are recognised in the income statement in the year in which they are incurred.

3.6 Retirement benefit costs

For fixed term contract employees, a gratuity is payable at the end of the contract period. Contract periods range from one to two years.

The Company contributes to the National Pension Authority (NAPSA) for its eligible employees as provided for by Law. Membership, with the exception of expatriate employees, is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is changed to the income statement in the year in which it arises.

3.7 Taxation

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

(i) *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income/income statement because it excludes items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

(ii) *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a 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 them together.

(iii) Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Property and equipment

Leasehold land and buildings and fixed plant and machinery held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less accumulated depreciation and any impairment losses. Cost including professional fees and, for qualifying assets, capitalised borrowing costs.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Effective annual rates of depreciation are :

Motor Vehicle	-	10 Years
Furniture & Fixtures	-	7 Years
Information Technology	-	3 Years
Information Technology on Site	-	5 Years
Office Equipment	-	7 Years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

3.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.10 Impairment of tangible and intangible assets

At the end of each reporting period 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). Where 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Impairment of tangible and intangible assets (con't)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or 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.

Where 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 years. A reversal of an 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.

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.12 Financial assets

All financial assets are recognised and derecognised on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3.12.1 Classification of financial assets

For the purposes of classifying financial assets an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt' instruments.

3.12.2 Financial assets at amortised cost and the effective interest method

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12.2 Financial assets at amortised cost and the effective interest method (continued)

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL). They are subsequently measured at amortised cost using the effective interest method less any impairment.

Subsequent to initial recognition the Company is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Company may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

3.12.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVTPL, the foreign exchange component is recognised in profit or loss.

For foreign currency denominated debt instruments classified at amortised cost the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in 'other gains and losses' in the statement of comprehensive income.

3.12.4 Impairment of financial assets at amortised cost

Financial assets that are measured at amortised cost, including finance lease receivables, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12.4 Impairment of financial assets at amortised cost (con't)

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, reflecting the impact of collateral and guarantees, discounted at the financial asset's 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 considered 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.

3.12.5 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when 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 asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds

3.13 Financial liabilities and equity instruments issued by the Company

3.13.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.13.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3.13.3 Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.13.4 Foreign exchange gains and losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss.

3.13.4 Foreign exchange gains and losses (con't)

For foreign currency denominated debt instruments classified at amortised cost the foreign exchange gains and losses are determined based on the amortised cost of the liability and are recognised in the 'other gains and losses' in the statement of comprehensive income.

3.13.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.13.6 Income taxes

The Company is subject to income taxes in the Republic of Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

3.13.7 Impairment of receivables

The Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. Provision for doubtful debts of the Company was based on specific identified doubtful debtors. The Directors believe that the provision is appropriate and not excessive. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company performs ongoing credit valuations of the financial condition of customers.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical accounting judgements made by management

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

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

The following are the critical judgments, apart from those involving estimations below, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2 Key sources of estimation uncertainty (con't)

4.2.1 Estimates of asset lives, residual values and depreciation methods.

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line bases which may not represent the actual usage of the asset.

4.2.2 Fixed assets impairment review

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Future cash flows are based on management's estimate of future market conditions. These cash flows are then discounted and compared to the current carrying value, and, if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

4.2.3 Receivables provision

Management has made a provision for bad and doubtful receivables based on the ageing of the trade receivables and believes that the provision is adequate to absorb the current irrecoverable debtors.

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5. PLANT AND EQUIPMENT

	31 March 2017 Cost/ Valuation	31 March 2017 Accumulated Depreciation	31 March 2017 Carrying amount	31 March 2016 Cost/ Valuation	31 March 2016 Accumulated Depreciation	31 March 2016 Carrying amount
Motor vehicles	72,000	(36,292)	35,708	72,000	(29,092)	42,908
Information Technology equipment	36,202	(23,877)	12,325	36,202	(15,595)	20,607
Information Technology on site	3,044,421	(2,549,369)	495,052	3,044,421	(2,039,350)	1,005,071
Office equipment	870	(673)	197	870	(549)	321
	3,153,493	(2,610,211)	543,282	3,153,493	(2,084,586)	1,068,907

The carrying amounts of plant and equipment can be reconcilws as follows:

31 March 2016

	Carrying amount at 1 April 2015	Additions	Disposals	Depreciation	Carrying amount at 31 March 2016
Motor vehicles	50,108	-	-	(7,200)	42,908
Information Technology equipment	4,510	20,702	-	(4,605)	20,607
Information Technology on site	1,613,955	-		(608,883)	1,005,072
Office equipment	445	-	-	(125)	320
	1,669,018	20,702	-	(620,813)	1,068,907

31 March 2017

	Carrying amount at 1 April 2016	Additions	Disposals	Depreciation	Carrying amount at 31 March 2017
Motor vehicles	42,908	-	-	(7,200)	35,708
Information Technology equipment	20,607	-	-	(8,281)	12,326
Information Technology on site	1,005,072	-	-	(510,019)	495,053
Office equipment	320	-	-	(125)	195
	1,068,907	-	-	(525,625)	543,282

Kwacha	2017	2016

6. REVENUE

Buddy Call Revenue	33,073	131,381
Content Monetization Revenue	5,359,744	5,354,323
Devotional Portal Revenue	13,730	
Infopedia Services	49,047	163,728
MOD Revenue	2,468,243	5,315,846
OBD Revenue	52,500	90,000
CRBT Revenue	480,070	607,726
Music Scorer	677,690	723,929
Learn French	38,026	117,254
	9,172,122	12,504,187

7. TRADE RECEIVABLES

Trade receivables principally comprise amounts receivable in respect of the sale of cellular services

The balance comprises :

Gross trade receivables	2,068,741	1,970,876
Provision for doubtful debts	(366,963)	(578,921)
	1,701,778	1,391,955
Unbilled debtors	1,522,795	1,385,413
Other receivables	-	-
At 31 March	3,224,573	2,777,368

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

8. OTHER RECEIVABLES

Rent Deposit	-	5,640
VAT Receivable	539,248	644,596
Imprest Account	27,054	114,370
Phoneix Zambia Assurance Limited	-	1,369
MTN Mobile Money	9,683	2,288
Other preyaments	16,441	13,500
	592,426	781,763

9. RELATED PARTY TRANSACTIONS

Spice VAS (Africa) Pte Ltd, a company registered in Singapore, currently holds 100% of the issued share capital of Spice VAS Zambia Limited as the immediate and holding company.

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10. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company has balances with, and has transacted with, the following related Companies:

	Relationship	Relationship
	Holding company Fellow subsidiary	Holding company Fellow subsidiary
	2017	2016
Amounts due to related companies		
Spice VAS (Africa) Pte. Ltd	**-**	1,167,024
Spice Digital South Africa (Pty) Ltd	**-**	1,810,576
Spice VAS Tanzania Limited	**19,296**	22,632
	19,296	3,000,232
Amounts due from related companies		
Spice VAS (Africa) Pte. Ltd	**123,891**	-
Spice VAS Ghana Limited	**5,094**	-
	128,985	-

11. SHARE CAPITAL

Authorised		
15,000 ordinary shares of K1.00 each	**15,000**	**10,000**
Issued and fully paid		
5,000 ordinary shares of ZK1 each	**5,000**	**5,000**

The entity Spice VAS Zambia Limited is a company incorporated in Zambia and limited by shares.

12. TRADE AND OTHER PAYABLES

Trade payables comprise amounts outstanding for trade purchases and operational costs

Trade payables	**1,636,771**	1,963,172
Accurals	**675,261**	1,460,997
Other payables	**42,643**	142,837
Balance at end of year	**2,354,675**	3,567,006

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Salaries payable	**47,952**	12,488
Provision for WHT-Management fees & Other	**54,645**	774,114
Expenses Payable	**266,413**	462,091
PLI Payable	**86,043**	85,600
NAPSA Payable	**4,498**	4,166
VAT Payable	**198,705**	109,301
PAYE	**17,005**	13,237
	675,261	1,460,997

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13. PROVISIONS

	2017	2016
Balance at the beginning of the year	100,000	100,000
Additions during year	954,559	-
Paid during the year	(100,000)	-
Balance at the end of the year	954,559	100,000

14. EMPLOYEE BENEFITS

Defined contribution pension scheme

The Company makes mandatory contributions to the National pension Scheme Authority for all its employees, which is a defined contribution scheme. The contributions constitute periodic costs and are charged to statement of comprehensive income as part of staff costs in the year in which they relate. The Company has no further obligations once the contributions have been paid.

15. CONTINGENT LIABILITIES

The Company had no known material contingent liabilities as at 31 March 2017 and 2016.

16. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

Financial risk management objectives

The Company co-ordinates access to domestic markets, monitors and manages the financial risks relating to its operations . These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company negotiates with commercial banks to transact at favourable rates to manage its exposure to interest rate and foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

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16. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk management

Transactions denominated in foreign currencies are translated into Zambian Kwacha at the rates of exchange ruling at the date of the transaction.

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at floating interest rates. The exposure to interest rate risk is evaluated regularly by management to align with interest rate views and defined risk appetite, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Credit risk management

Credit risk management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in respect of trade and other receivables.

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivate financial assets and liabilities. The table is based on the undiscounted contractual maturities of the financial assets and liabilities.

17. EVENTS AFTER THE REPORTING DATE

There has been no subsequent events that may require disclosure in or adjustment to these financial statements.

SPICE VAS ZAMBIA LIMITED

DETAILED COMPREHENSIVE INCOME STATEMENT
for the year ended 31 March 2017

Kwacha	2017	2016
REVENUE	**9,172,122**	12,504,187
Cost of sales	**(2,687,840)**	(4,733,234)
GROSS PROFIT	**6,484,282**	7,770,953
	6,484,282	7,770,953
OPERATING EXPENDITURE		
Accountancy & Audit	**(60,000)**	(58,545)
Advertising and promotions	**(15,704)**	(31,010)
Bad debts	**211,958**	(514,148)
Bank charges	**(39,873)**	(56,827)
Communication	**(37,602)**	(45,637)
Consultancy costs	**7,494**	(268,942)
Depreciation expense	**(525,623)**	(620,813)
Employee benefits expense	**(840,395)**	(978,361)
Guest house expenses	**(5,537)**	(575)
Insurance	**(11,375)**	(3,900)
Legal & Professional Fees	**(146,499)**	(181,541)
Management and technical fees	**(1,834,425)**	(4,288,423)
Misc Balances written off	**308**	(592)
Net exchange losses	**25,148**	(1,061,570)
Office rentals	**(84,348)**	(158,643)
Postage costs	**(5,650)**	(269)
Printing and stationery	**-**	(675)
Repairs and maintenance	**(22,190)**	(31,265)
Travelling expenses	**(123,747)**	(105,158)
	(3,508,060)	(8,406,894)
PROFIT BEFORE TAX	**2,976,222**	(635,941)
Corporate Taxes	**(854,558)**	-
PROFIT AFTER TAX	**2,121,665**	(635,941)

This schedule does not form part of the financial statements