



জে. আর. চৌধুরী এণ্ড কোং
J. R. Chowdhury & Co.
Chartered Accountants

SPICE DIGITAL BANGLADESH LTD

Auditors' Report and Financial Statements
for the year ended 30 June 2018



Independent Auditor's Report
to the Shareholders of Spice Digital Bangladesh Limited

We have audited the accompanying financial statements of Spice Digital Bangladesh Ltd.(the Company) which comprise the statement of financial position as at 30 June 2018 and the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with International Financial Reporting Standards (IAS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company' as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IAS).

Report on Other Legal and Regulatory Requirements:

- a we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c. the statement of financial position and statement of profit and loss and other comprehensive income dealt with by the report are in agreement with the books of account.

J. R. Chowdhury & Co
Chartered Accountants

Dhaka, the 23 October 2018



SPICE DIGITAL BANGLADESH LTD.
Statement of Financial Position
as at 30 June 2018

<u>Assets</u>	Notes	30/06/2018	30/06/2017
		Taka	Taka
Property, plant and equipment	3	50,700,231	52,834,152
Intangible assets (Software)	3	23,691,750	30,124,750
Non- current Assets		74,391,981	82,958,902
Other current assets (Unbilled revenue)	4	36,310,044	6,654,457
Accounts receivable	5	20,342,582	24,309,112
Advances, deposits and prepayments	6	1,692,843	6,641,043
Advance income tax		7,436,968	6,119,918
Investment in fixed deposits	7	67,408,588	64,868,516
Cash and bank balances	8	50,251,094	24,942,379
Current Assets		183,442,119	133,535,425
Total Assets		257,834,100	216,494,327

Equity and Liabilities

Share Capital	9	92,755,100	9,731,200
Accumulated surplus	10	82,176,929	43,944,554
Equity		174,932,029	53,675,754
Accounts payable	11	2,395,069	81,626,291
Creditors for expenses	12	73,449,454	71,036,099
Other liabilities	13	4,142,926	8,095,753
Provision for taxation	14	2,914,622	2,060,430
Net Current Assets		82,902,071	162,818,573
Total equity and liabilities		257,834,100	216,494,327

The attached notes form an integral part of these accounts.

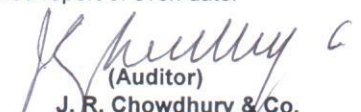


Managing Director



Director

As per annexed report of even date.


(Auditor)
J. R. Chowdhury & Co.
Chartered Accountants

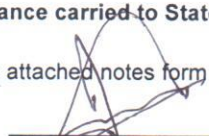
Dhaka, 23 October 2018



SPICE DIGITAL BANGLADESH LTD.
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	2017-2018 Taka	2016-2017 Taka
Revenue :		
Revenue - VAS	64,309,699	73,109,565
Revenue from Bus BD	47,060	85,864
	64,356,759	73,195,429
Expenditure:		
Purchase of hardware	-	195,970
Cost - VAS	-	138,000
Technical fee	4,243,452	11,095,790
C.P share	2,883,469	4,270,218
	7,126,921	15,699,978
Operating Expenses		
Salaries and benefits	4,650,016	5,119,840
Office rent	1,089,468	1,084,732
Business development expenses	374,230	463,228
Telephone expense	137,536	265,632
Stationery	53,048	65,988
Consultancy fees	487,500	712,500
Postage and courier	27,660	18,924
Electricity expenses	141,320	154,572
Local conveyance	346,095	305,566
Rates and taxes	187,293	97,255
Auditors' fees	107,000	100,000
Legal and professional fees	850,939	1,518,989
Internet charges	57,000	91,345
Guest house expenses	205,649	166,586
Food expenses	228,139	319,418
Repairs and maintenance	147,900	223,452
Gas charges	16,056	14,856
Water charges	12,164	14,521
Bank charges	53,339	104,206
Payment gateway charges	28,872	-
Travelling expenses	2,321,346	1,602,646
Miscellaneous expenses	219,936	114,073
Depreciation	2,785,071	1,335,878
Amortization of Intangible assets	6,433,000	2,040,250
Amortization of preliminary expenses	-	5,717
Membership Fees	30,000	-
	20,990,577	15,940,174
Sub-total	28,117,498	31,640,152
Net Profit/Loss from operation	36,239,261	41,555,277
Interest on fixed deposits and bank deposits	2,847,306	2,952,119
Net Profit before tax for the year	39,086,567	44,507,396
Current tax	(854,192)	(1,919,905)
Balance carried to Statement of financial Position	38,232,375	42,587,491

The attached notes form an integral part of these accounts.


Managing Director


Director

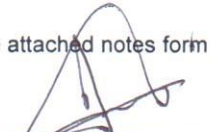


SPICE DIGITAL BANGLADESH LTD.

**Statement of Cash Flows
for the year ended 30 June 2018**

	2017-2018 Taka	2016-2017 Taka
A. Cash Flow from Operating Activities		
Net profit/(loss) for the period	38,232,375	42,587,491
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortization	9,218,071	3,381,845
Accounts receivable	3,966,530	1,527,258
Other current assets	(29,655,587)	7,346,453
Advances, deposits and prepayments	4,948,200	(2,366,112)
Advance income tax	(1,317,050)	(3,400,688)
Accounts payable	(79,231,222)	15,104,866
Creditors for expenses	2,413,355	(1,868,148)
Other liabilities	(3,952,827)	1,004,055
Provision for taxation	854,192	1,919,905
	<u>(101,974,409)</u>	<u>19,267,589</u>
	<u>(54,523,963)</u>	<u>65,236,925</u>
B. Cash Flow from Investing Activities		
Investment in fixed deposits	(2,540,072)	(2,446,499)
Purchase of assets	(651,150)	(81,199,848)
Net Cash used by Investing Activities	<u>(3,191,222)</u>	<u>(83,646,347)</u>
C. Cash Flow from Financial Activities		
Share capital	83,023,900	-
Dividend paid	-	(38,924,800)
Net Cash provided by Financial Activities	<u>83,023,900</u>	<u>(38,924,800)</u>
D. Total Cash inflow by (A+B+C)	25,308,715	(57,334,222)
Opening Cash and Bank Balances	24,942,379	82,276,601
Closing Cash and Bank Balances	<u><u>50,251,094</u></u>	<u><u>24,942,379</u></u>

The attached notes form an integral part of these accounts.


Managing Director


Director



SPICE DIGITAL BANGLADESH LTD.
Notes to the Financial Statements to 30 June 2018

1. Reporting entity

Spice Digital Bangladesh Ltd. is a private limited company established under the Companies Act, 1994 vide registration # C-105473/12 dated 18 November 2012.

The main objectives of the company are to carry on all or any of the following business:

- a) To design, develop, maintain, sell, distribute, market and license computer software and programmes for educational, commercial and industrial use, service and other applications and to provide business, commercial and productivity solutions and network based information and other services including licensing of computer software and programmes and to provide customer support, training and consultancy services relating to all or any of the foregoing matters and things including relating or incidental thereto in Bangladesh or elsewhere.
- b) To design, develop, invent, improve, carry out research, prepare, own, make use of manufacture, buy, sell, import, export, maintain, repair, alter, convert, distribute, market, license, hire, lease and otherwise deal in all kinds of computer software and programmes and for applications of any kind or for any purpose including computers, data processing machines, cards, memory equipments or any equipment and materials including computer peripheral and accessories of every kind and description useful in connection with computer and electronic hardware and software.

2. Specific accounting policies selected and applied for significant transactions and events

a) Basis of accounting

The financial statements have been prepared in accordance with International Accounting Standards (IAS) and as per the requirements of the Companies Act, 1994.

b) Basis of measurement

The financial statements have been prepared on historical cost convention.

c) Other regulatory compliances

In addition to the Companies Act, 1994 the company is also required to comply with the following laws and regulations, where applicable:

The Income Tax Ordinance 1984
The Income Tax Rules 1984
The Value Added Tax (VAT) Act, 1991
The Value Added Tax (VAT) Rules 1991
Foreign Exchange Regulations Act, 1947

d) Foreign currency translations

Transactions in foreign currencies are translated to Bangladesh taka currency (BDT) at the rates prevailing on the dates of the transactions.



e) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation. Costs include expenditures that are directly attributable to acquisition of property, plant and equipment.

Depreciation

Depreciation is calculated on straight line method. Assets are depreciated from the month of acquisition and no depreciation is charged for the year when an asset is disposed off. The principal rates generally in use are as follows:

<u>Assets</u>	<u>Rate of depreciation</u>
Furniture and fixtures	10%
Data processing machine	15%
IT hardware	5%
Mobile and telephone	15%
Office equipment	15%

f) **Cash and cash equivalents**

Considering the provisions of IAS, cash in hand and bank balances have been stated as cash and cash equivalents.

The net cash flow from operating activities is determined by adjusting profit/(loss) for the period under indirect method as per IAS.

g) **Revenue recognition**

Service revenue

Revenue is recognized on raising of invoices to the clients after discharge of services/orders.

h) **Functional and presentation currency**

The financial statements are presented in Bangladesh Taka Currency (BDT), which is the company's functional currency. All financial information presented in BDT has been rounded off to the nearest taka.



3. Property, plant and equipment

Particulars	COST			DEPRECIATION			Net Book Value at 30 June 2017 Taka
	Balance at 1 July 2017 Taka	Addition during the year Taka	Disposal/ adjustment during the year Taka	Total at 30 June 2018 Taka	Charge for the year Taka	Disposal/ adjustment during the year Taka	
Furniture and fixtures	535,596	-	-	535,596	53,450	-	272,599
Data Processing Machine	56,900	59,600	-	116,500	9,865	-	88,896
IT Hardware	53,935,190	589,900	-	54,525,090	2,706,923	-	50,287,131
Mobile and Telephone	8,090	1,650	-	9,740	1,424	-	3,235
Office Equipment	89,580	-	-	89,580	13,409	-	48,144
	54,625,356	651,150	-	55,276,506	2,785,071	-	50,700,231
							52,834,152

Intangible Assets (Software)

Particulars	COST			AMORTIZATION			Net Book Value at 30 June 2017 Taka
	Balance at 1 July 2017 Taka	Addition during the year Taka	Disposal/ adjustment during the year Taka	Total at 30 June 2018 Taka	Amortize for the year Taka	Disposal/ adjustment during the year Taka	
Software	32,165,000	-	-	32,165,000	6,433,000	-	23,691,750
	32,165,000	-	-	32,165,000	6,433,000	-	23,691,750
							30,124,750



4. Other current assets (Unbilled revenue)

	30/06/2018 Taka	30/06/2017 Taka
Unbilled revenue	35,672,086	811,629
Unbilled revenue - Grameen Phone Limited	637,958	2,818,808
Unbilled revenue - Robi Axiata Limited	-	3,024,020
	36,310,044	6,654,457

5. Accounts receivable

Particulars	Balance at 1 July 2017 Taka	Addition during the period Taka	Adjustment during the period Taka	Total at 30/06/2018 Taka	Total at 30/06/2017 Taka
GrameenPhone Ltd.	5,779,511	3,424,321	9,101,163	102,669	5,779,511
Airtel Bangladesh Limited	325,676	-	-	325,676	325,676
Robi Axiata Limited	14,150,965	21,064,359	26,974,839	8,240,485	14,150,965
Robi Axiata Limited (Airtel)	-	5,206,280	1,707,806	3,498,474	-
Multisourcing Limited	1,501,030	936,626	1,604,347	833,309	1,501,030
Bus BD Ticket - Robi Employees	468,270	884,943	475,590	877,623	468,270
Gakk Media (BD) Limited	5,213	18,174	15,803	7,584	5,213
WAVENET Architects of Possibility	2,000,000	1,500,000	3,500,000	-	2,000,000
Synesis IT Ltd	-	6,220,786	-	6,220,786	-
SLL Solutions Ltd.	78,447	157,529	-	235,976	78,447
	24,309,112	39,413,018	43,379,548	20,342,582	24,309,112

6. Advances, deposits and prepayments

Particulars	Balance at 1 July 2017 Taka	Addition during the period Taka	Adjustment during the period Taka	Total at 30/06/2018 Taka	Total at 30/06/2017 Taka
Accrued interest	504,065	1984191	1959187	529,069	504,065
Deposit with J. S. Chowdhury	140,000	-	-	140,000	140,000
Arup Kumar Ghosh	-	304,319	304,319	-	-
IMPREST - Rezwanul Haque Jami	(28,461)	2,251,401	2,243,820	(20,880)	(28,461)
Rezaunul Haque Jami	-	118,577	117,392	1,185	-
IMPREST - Mr. Arup Kumar	-	1,362,572	1,470,867	(108,295)	-
InTouch Soft-Wallet	431,748	7,461,607	7,392,521	500,834	431,748
Kimia Solution	-	130,663	96,495	34,168	-
Newaz Nahid Consulting	100,000	991,397	991,397	100,000	100,000
Short Code Parking	187,500	15,000	-	202,500	187,500
Show Motion Ltd	96,601	11,000	101,451	6,150	96,601
Patronics Limited	203,059	7,111,106	7,185,564	128,601	203,059
BD Ticket.com	49,395	-	49,349	46	49,395
Robi Campain BusBD - Discount	501,504	3,600	505,104	-	501,504
Bikroy.com	89,205	-	89,205	-	89,205
Bikash	1,511,013	841,898	2,233,801	119,110	1,511,013
COD call Centre	258,310	545,486	808,026	(4,230)	258,310
Nagent	27,365	-	27,365	-	27,365
Normal Agent Wallet	12,000	-	12,000	-	12,000
Paywell	2,190	-	2,190	-	2,190
RCP Agent Wallet	301,149	722,026	958,590	64,585	301,149
Telephone Bikash	1,740	-	1,740	-	1,740
Performance guarantee	2,252,660	-	2,252,660	-	2,252,660
	6,641,043	23,854,843	28,803,043	1,692,843	6,641,043



7. Investment in fixed deposits

30/06/2018 Taka	30/06/2017 Taka
Fixed deposit with State Bank of India, Dhaka	
67,408,588	64,868,516
<u>67,408,588</u>	<u>64,868,516</u>

8. Cash and bank balances

<u>Cash in hand</u>	184,871	130,954
<u>Cash at Bank</u>		
State Bank of India, Dhaka	48,818,455	23,843,179
Eastern Bank Limited	1,247,768	968,246
	<u>50,251,094</u>	<u>24,942,379</u>

9. Share capital

Authorized

100,000 ordinary shares Taka 100 /- each	<u>10,000,000</u>	<u>10,000,000</u>
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Issued, subscribed and paid up

97,312 ordinary shares of Taka 100/- each fully paid in cash	9,731,200	3,892,500
830,239 bonus shares of Taka 100/- issued.	83,023,900	5,838,700
	<u>92,755,100</u>	<u>9,731,200</u>

Details of fully paid-up capital are as follows:

<u>Name of shareholders</u>	<u>No. of shares</u>	<u>Unit price</u>	<u>Value Taka</u>
Spice Digital Limited (India)	927,549	100	92,754,900
Mr. Rezwanul Haque Jami	2	100	200
	<u>927,551</u>		<u>92,755,100</u>

10. Accumulated surplus

Opening balance	43,944,554	1,357,063
Add : Surplus/(deficit) during the year	38,232,375	42,587,491
	<u>82,176,929</u>	<u>43,944,554</u>



11. Accounts payable

Particulars	Balance at 1 July 2017 Taka	Addition during the period Taka	Adjustment during the period Taka	Total at 30/06/2018 Taka	Total at 30/06/2017 Taka
Spice Digital Limited - India	81,608,291	2,414,011	81,645,233	2,377,069	81,608,291
Onirban Karaoke	18,000	-	-	18,000	18,000
	81,626,291	2,414,011	81,645,233	2,395,069	81,626,291

12. Creditors for expenses

Particulars	Balance at 1 July 2017 Taka	Addition during the period Taka	Adjustment during the period Taka	Total at 30/06/2018 Taka	Total at 30/06/2017 Taka
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Provision for :

J.S Choudhury	-	910,000	910,000	-	-
Collesce (Private) Limited	223,415	358,672	544,927	37,160	223,415
Cod Fee Payable	-	5,650	550	5,100	-
Ranks-ITT Limited	-	55,000	50,000	5,000	-
Professional fees (KPMG)	-	143,910	143,910	-	-
Robi Axiata Limited	215,295	173,195	355,939	32,551	215,295
Various expenses (note-12.1)	70,597,389	8,990,916	6,218,662	73,369,643	70,597,389
	71,036,099	10,637,343	8,223,988	73,449,454	71,036,099

12.1 Various expenses

E. B. Solution	9,690,035	-	-	9,690,035	9,690,035
Mr. Nahid Newaz	364,140	264,500	628,640	-	364,140
Content costs - VAS	16,402,146	-	-	16,402,146	16,402,146
Commission costs (EBS)	31,675,808	-	-	31,675,808	31,675,808
Technical fee (SDL)	6,517,375	2,703,166	714,354	8,506,187	6,517,375
CP Share (Artist)	3,919,762	3,397,639	2,039,979	5,277,422	3,919,762
Guest house utility expenses	8,729	60,888	69,617	-	8,729
Legal and professional charges	204,249	137,914	342,163	-	204,249
Business development expense	-	50,000	-	50,000	-
Consultancy charges -Nextstep Interactive	112,500	300,000	300,000	112,500	112,500
Audit fees	100,000	120,750	151,750	69,000	100,000
Reimbursement - SDL	1,602,645	1,956,059	1,972,159	1,586,545	1,602,645
	70,597,389	8,990,916	6,218,662	73,369,643	70,597,389



13. Other liabilities

VAT payable (input)
Input VAT payable
TDS - professional
TDS - rent
VAT current account

	30/06/2018 Taka	30/06/2017 Taka
VAT payable (input)	4,034,294	8,095,753
Input VAT payable	60,802	
TDS - professional	42,028	-
TDS - rent	3,947	-
VAT current account	1,855	-
	4,142,926	8,095,753

14. Provision for taxation

Opening balance
Provision for tax for the period

Opening balance	2,060,430	140,525
Provision for tax for the period	854,192	1,919,905
	2,914,622	2,060,430