

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

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2018

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

Prepared by: I E Sacks Accounting and Taxation Services CC

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Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

General Information

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

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

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

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

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Level of assurance

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

Preparer

IE Sacks Accounting and Taxation Services CC
Professional Accountant

Published

10 May 2018

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Director's Responsibilities and Approval

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

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

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

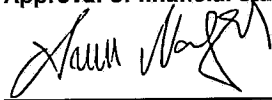
The director is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial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

The director has reviewed the company's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, he is satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future and as long as the subordination agreement referred to in note 4 remains in force.

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

The annual financial statements set out on pages 8 to 22, which have been prepared on the going concern basis were approved by the director on 10 May 2018 and were signed on its behalf by:

Approval of financial statements



Arun Nagar

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

May 2018

IE SACKS AND ASSOCIATES INC

Reg. No. 2017/023726/21

*Chartered Accountants (S.A.)
Registered Auditors
Practice reg no.9247 41-0000*

DIRECTOR – Simone Mitchell CA(SA) RAA

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

**P O BOX 1100
HIGHLANDS NORTH
2037**

**301 FRAMEWORK HOUSE
4 BOUNDARY ROAD
ROUXVILLE
JOHANNE SBURG
2192**

EMAIL: auditor@netralink.com

Independent Auditor's Report

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

Opinion

We have audited the annual financial statements of Spice Digital South Africa (Pty) Ltd set out on pages 8 to 19, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Spice Digital South Africa (Pty) Ltd as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The director is responsible for the other information. The other information comprises the Directors' report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 Auditor's Report

Responsibilities of the director for the Annual Financial Statements

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

In preparing the annual financial statements, the director 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 the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

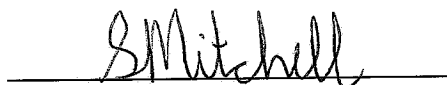
Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director'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 auditor's report to the related disclosures in the annual 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 auditor's 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.



S Mitchell
Auditor
Chartered Accountants (S.A.), RAA

May 2018
Gauteng

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Director's Report

The director submits his report for the year ended 31 March 2018.

1. Review of activities

Main business and operations

The company is engaged in communication and related activities. It's head office is based in Johannesburg, South Africa and operates through out the African continent..

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net profit of the company was R R5 645 982 (2017: profit RR 878 945).

2. Going concern

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

3. Events after the reporting period

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

4. Authorised and issued share capital

There were no changes in the authorised and issued share capital of the company during the current financial year under review.

5. Dividends

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

6. Director

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

Mr.Arun Nagar

7. Secretary

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

Business address

301 Framework House
4 Boundary Road
Rouxville
2192

Postal address

PO Box 1100
Highlands North
2038

8. Holding company

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

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

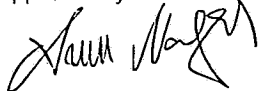
Director's Report

9. Auditor's

IE Sacks And Associates INC continued in office as auditors of the company for 2018.

At the AGM, the shareholder will be requested to appoint IE Sacks and Associates Inc as the independent external auditors of the company and to confirm Mrs S Mitchell as the designated lead auditor for the 2019 financial year.

The annual financial statements set out on pages 8 to 22, which have been prepared on the going concern basis, were approved by the director on 10 May 2018 and were signed on its behalf by:



Arun Nagar

Gauteng

May 2018

Spice Digital South Africa (Pty) Ltd

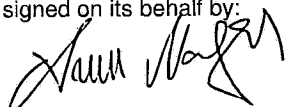
(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 753 851	2 264 808
Intangible assets	3	505 257	865 367
Deferred tax	5	5 458 891	-
		7 717 999	3 130 175
Current Assets			
Trade and other receivables	6	7 676 454	7 970 320
Current tax receivable		2 176 553	828 438
Cash and cash equivalents	7	6 212 177	3 640 472
		16 065 184	12 439 230
Total Assets		23 783 183	15 569 405
Equity and Liabilities			
Equity			
Share capital	8	40 016 870	40 016 870
Accumulated loss		(26 546 016)	(32 191 998)
		13 470 854	7 824 872
Liabilities			
Current Liabilities			
Trade and other payables	9	8 517 970	5 682 751
Loans from group companies	4	1 794 359	2 061 782
		10 312 329	7 744 533
Total Equity and Liabilities		23 783 183	15 569 405

The annual financial statements which appear on pages 8 to 11, were approved by the director on the 10 May 2018 and were signed on its behalf by:



Arun Nagar

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	10	20 858 165	14 668 704
Direct costs of rendering services	11	(10 589 565)	(6 743 694)
Gross profit		10 268 600	7 925 010
Other income		304 861	818 330
Operating expenses		(10 429 648)	(7 860 929)
Operating profit	12	143 813	882 411
Investment revenue		43 495	-
Finance costs	13	(217)	(3 466)
Profit before taxation		187 091	878 945
Taxation	14	5 458 891	-
Profit for the year		5 645 982	878 945
Other comprehensive income		-	-
Total comprehensive income for the year		5 645 982	878 945
Total comprehensive income attributable to:			
Owners of the holding company		5 645 982	878 945

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 April 2016	100	(33 070 943)	(33 070 843)
Changes in equity			
Total comprehensive income for the year	-	878 945	878 945
Issue of shares	40 016 770	-	40 016 770
Total changes	40 016 770	878 945	40 895 715
Balance at 01 April 2017	40 016 870	(32 191 998)	7 824 872
Changes in equity			
Total comprehensive income for the year	-	5 645 982	5 645 982
Total changes	-	5 645 982	5 645 982
Balance at 31 March 2018	40 016 870	(26 546 016)	13 470 854
Note(s)	8		

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	16	4 202 640	311 983
Interest income		43 495	-
Finance costs	13	(217)	(3 466)
Tax paid	17	(1 348 115)	-
Net cash from operating activities		2 897 803	308 517
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(155 674)	(22 682)
Proceeds on disposal of property, plant and equipment	2	96 999	-
Net cash from investing activities		(58 675)	(22 682)
Cash flows from financing activities			
Proceeds on share issue	8	-	40 016 770
Loans to group companies repaid		(267 423)	(37 954 988)
Net cash from financing activities		(267 423)	2 061 782
Total cash movement for the year		2 571 705	2 347 617
Cash at the beginning of the year		3 640 472	1 292 855
Total cash at end of the year	7	6 212 177	3 640 472

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1. Presentation of annual financial statements

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

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

1.2 Property, plant and equipment

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

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

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

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

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

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

1.3 Intangible assets

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

Intangible assets are initially recognised at cost.

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

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

Item	Useful life
Software development costs	5 years

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

1.4 Financial instruments

Initial measurement

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

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.4 Financial instruments (continued)

Financial instruments at amortised cost

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

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

Financial instruments at fair value

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

1.5 Tax

Current tax assets and liabilities

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

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

1.6 Leases

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

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.6 Leases (continued)

Operating leases – lessee

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

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

1.7 Impairment of assets

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

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

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

1.8 Revenue

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

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

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

1.9 Borrowing costs

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

1.10 Foreign exchange

Foreign currency transactions

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

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

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand 2018 2017

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	145 768	(121 539)	24 229	145 768	(100 715)	45 053
Motor vehicles	685 000	(231 667)	453 333	762 925	(353 453)	409 472
Office equipment	9 649	(424)	9 225	-	-	-
IT equipment	391 227	(350 004)	41 223	380 202	(328 091)	52 111
IT on Site	2 661 657	(1 435 816)	1 225 841	2 661 657	(903 485)	1 758 172
Leasehold improvements	174 180	(174 180)	-	174 180	(174 180)	-
Total	4 067 481	(2 313 630)	1 753 851	4 124 732	(1 859 924)	2 264 808

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	45 053	-	-	(20 824)	24 229
Motor vehicles	409 472	134 999	(120 365)	29 227	453 333
Office equipment	-	9 649	-	(424)	9 225
IT equipment	52 111	11 026	-	(21 914)	41 223
IT On Site	1 758 172	-	-	(532 331)	1 225 841
	2 264 808	155 674	(120 365)	(546 266)	1 753 851

Reconciliation of property, plant and equipment - 2017

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

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

3. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Software development	1 800 549	(1 295 292)	505 257	1 800 549	(935 182)	865 367

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Software development	865 367	(360 110)	505 257

Reconciliation of intangible assets - 2017

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

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
4. Loans to (from) group companies		
Spice VAS (Africa) Pte Ltd	(1 794 359)	(2 061 782)
This loan is unsecured, interest free and repayable by mutual agreement.		
5. Deferred tax		
Deferred tax asset		
Tax losses available for set off against future taxable income	5 458 891	-
Increase (decrease) in tax losses available for set off against future taxable income	5 458 891	-
6. Trade and other receivables		
Trade receivables	4 961 001	6 143 242
Prepayments	52 279	95 893
Deposits	248 709	264 145
Other receivables	1 757 211	1 012 598
Receivables from fellow subsidiaries	657 254	454 442
	7 676 454	7 970 320
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3 199 552	3 640 472
Short-term deposits	3 012 625	-
	6 212 177	3 640 472
8. Share capital		
Authorised		
100 000 000 Ordinary shares of no par value	100 000 000	100 000 000
Reconciliation of number of shares issued:		
Reported as at 01 April 2017	40 016 870	100
Issue of shares – ordinary shares of no par value	-	40 016 770
	40 016 870	40 016 870
- unissued ordinary shares are under the control of the director in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
40 016 870 Ordinary shares of no par value	40 016 870	40 016 870
9. Trade and other payables		
Trade payables	5 526 908	4 679 852
Payables to fellow subsidiaries	572 817	630 069
Taxes and duties	173 695	67 746
Other payables	2 244 550	305 084
	8 517 970	5 682 751

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
10. Revenue		
Sale of products and services	20 858 165	14 668 704
11. Cost of sales		
Rendering of services		
Direct costs of rendering services	10 589 565	6 743 694
12. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	488 471	457 847
Loss on sale of property, plant and equipment	23 366	-
Amortisation of software development	360 110	360 110
Depreciation on property, plant and equipment	546 266	649 159
Employee costs	3 674 051	2 725 194
13. Finance costs		
Late payment of tax	217	3 466
14. Taxation		
Major components of the tax income		
Deferred		
Benefit of unrecognised tax loss / tax credit / temporary difference used to reduce deferred tax expense	(5 458 891)	-
No provision has been made for 2018 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R19 496 038 (2017: RR21 709 991).		
15. Auditor's remuneration		
Fees	50 000	41 727
Tax, secretarial and other services	19 200	-
	69 200	41 727

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
16. Cash generated from operations		
Profit before taxation	187 091	878 945
Adjustments for:		
Depreciation and amortisation	546 266	649 159
Loss on sale of assets	23 366	-
Interest received	(43 495)	-
Finance costs	217	3 466
Amortisation of software development	360 110	360 110
Changes in working capital:		
Trade and other receivables	293 866	(2 782 521)
Trade and other payables	2 835 219	1 202 824
	4 202 640	311 983
17. Tax paid		
Balance at beginning of the year	828 438	828 438
Balance at end of the year	(2 176 553)	(828 438)
	(1 348 115)	-
18. Related parties		
Relationships		
Holding company	Spice VAS (Africa) Pte Ltd	
Fellow subsidiary	Spice VAS Tanzania Ltd	
Fellow subsidiary	Spice VAS Uganda Ltd	
Fellow subsidiary	Spice VAS Ghana Ltd	
Fellow subsidiary	Spice Digital Nigeria Ltd	
Fellow subsidiary	Spice VAS Kenya Ltd	
Fellow subsidiary	Spice VAS Zambia Ltd	
Fellow subsidiary	SVA (Mauritius) Pvt Ltd	
Fellow subsidiary	Spice VAS RDC	
Fellow subsidiary	Omnia Pte Ltd	
Related party balances		
Loan accounts - Owino (to) by related parties		
Spice VAS Africa (Pte) Ltd	(1 794 359)	(2 061 782)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Spice VAS Tanzania Ltd	56 369	39 848
Spice VAS Uganda Ltd	600 885	414 593
Spice VAS Ghana Ltd	(55 994)	(61 591)
Spice Digital Nigeria Ltd	(516 823)	(568 479)
Compensation paid to key management		
Salary	1 475 782	1 299 995

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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19. Director's remuneration

Executive

2018

	Emoluments	Total
Director	1 475 782	1 475 782

2017

	Emoluments	Total
Director	1 299 995	1 299 995

Spice Digital South Africa (Pty) Ltd

(Registration number 2011/010897/07)

Annual Financial Statements for the year ended 31 March 2018

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Revenue			
Rendering of services		20 858 165	14 668 704
Cost of sales			
Direct costs of rendering services		(10 589 565)	(6 743 694)
Gross profit		10 268 600	7 925 010
Other income			
Mziiki consultancy		10 000	818 330
Interest received		43 495	-
Profit on exchange differences		294 861	-
		348 356	818 330
Expenses (Refer to page 21)		(10 429 648)	(7 860 929)
Operating profit	12	187 308	882 411
Finance costs	13	(217)	(3 466)
Profit before taxation		187 091	878 945
Taxation	14	(5 458 891)	-
Profit for the year		5 645 982	878 945

Spice Digital South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2018

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Operating expenses			
Advertising, marketing and promotions		355 799	496 839
Auditor's remuneration	15	69 200	41 727
Bad debts		1 653 477	-
Bank charges		38 475	22 423
Computer expenses		4 647	3 796
Consulting fees		459 640	606 873
Consumables		73 178	53 295
Depreciation, amortisation and impairments		906 376	1 009 269
Employee costs		3 674 051	2 725 194
Fraud and embezzlement SARS		1 037 180	-
General expenses		694	22 603
Insurance		54 421	56 839
Lease rentals on operating lease		488 471	457 847
Legal and professional fees		60 574	704 822
Licence and permits		18 783	2 547
Loss on disposal of assets		23 366	-
Loss on exchange differences		-	73 022
Motor vehicle expenses		238 333	186 835
Placement fees		126 449	25 151
Postage		59 742	36 383
Printing and stationery		8 862	5 947
Rates and taxes		-	39 050
Repairs and maintenance		84 984	72 642
Staff welfare		36 980	70 445
Subscriptions		17 418	11 040
Telephone and fax		219 214	283 175
Travel and accommodation - local		134 187	232 803
Travel and accommodation- overseas		454 051	496 560
Utilities		37 228	32 038
Web expenses		54 450	55 428
Work permits		39 418	36 336
		10 429 648	7 860 929

Spice Digital South Africa (Pty) Ltd

(Tax registration number 9049617229)

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Annual Financial Statements for the year ended 31 March 2018

Tax Computation

Figures in Rand	2018
Net profit per income statement	187 091
Permanent differences (Non-deductible/Non taxable items)	
Fraud and Embezzlement SARS	1 037 180
Interest, penalties paid in respect of taxes (s23(d))	217
	1 037 397
Temporary differences	
Doubtful debt allowance (s11(j)) - current year	(413 369)
Amounts previously taxed as received in advance	(630 069)
Amounts received in advance - current year	572 817
Provision for royalties prior year	(3 642 618)
Provision for Royalties current year	5 135 921
Foreign withholding tax credits	(1 348 115)
Depreciation and amortisation according to financial statements	1 009 269
Wear and tear allowance	(1 347 848)
Provision for doubtful debtors not deductible in current year	1 653 477
	989 465
Calculated tax profit for the year	2 213 953
Assessed loss brought forward	(21 709 991)
Assessed loss for 2018 - carried forward	(19 496 038)
Tax thereon @ 28% in the Rand	Nil