UBAMBO

Investment Holdings Limited

ANNUAL FINANCIAL STATEMENTS

Year ended 28 February 2013

Ubambo Investment Holdings Limited
(Registration number 1998/014976/06)
Group Audited Annual Financial Statements
for the year ended 28 February 2013

These group audited annual financial statements were prepared by:
M.S.C. Bawa
Director

These group audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa No. 71 of 2008.

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The reports and statements set out below comprise the group audited annual financial statements presented to the shareholders:

General information

Country of incorporation and domicile	South Africa
Nat ure of business and principal activities	Holds investments in high growth sectors of information and communications technology and infrastructure
Directors	M.S.C Bawa S.P Simelane G.D Harlow O.F.E Moola
Registered office	1st Floor 25 Autumn Street Rivonia 2191
Business address	1st Floor 25 Autumn Street Rivonia 2191
Postal address	Private Bag X9943 Sandton 2146
Bankers	Nedbank Limited
Auditors	RAiN Chartered Accountants Inc Registered Auditors
Company registration number	1998/014976/06

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequa te accounting records and a re respon sible for the content and integrity of the group audited annual financial statements and related financial infonnation included in this report. It is their responsibili ty to ensure that the group audited annual financial sta tements fairly presen t the state of affairs of the group 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group a udited annual financial statements.

The group audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. TI1e standards include the proper delegation of responsibilities within a clearl y defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all empl oyees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are 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 group audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absol ute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2014 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's group audited annual financial statements. The group audited annual financial statements have been examined by the group's external auditors and their report is presented on page 5.

The group audited annual financial statements set out on pages 7 to 23, which have been prepared on the going concern basis, were approved by the board on 30 October 2015 and were signed on its behalf by:

M.S.C Bawa	G.D Harlow

Independent Auditors' Report

To the Shareholders of Ubambo Investment Holdings Limited

We have audited the group audited annual financial statements of Ubambo In vestment Holdings Limited, as set out on pages 7 to 23, which comprise the statement of financial position as at 28 February 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Group Audited Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these group audited annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of group audited annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves perfonning procedures to obtain audit evidence about the amounts and disclosures in the group audited annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group audited annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the group audited annual financial statements in order to design a udit 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 group audited ann ual financial statements.

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

Opinion

In our opinion, the group audited annual financial statements present fairly, in all material respects, the financial position of Ubambo Investment Holdings Limited as at 28 February 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of2008.

Emphasis of Matter

Going Concern

Without qualifYing our opinion, we draw attention to note to the group audited ann ual financial statements which indicates that the company incurred a net loss of R 208,173 (2012: R I ,149,745) for the year ended 28 February 2013 and, as at that date, the company's total liabilities exceeded its total assets by R 1 2,533,1 83 (2012: R12,325,0 I 0). The note also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a goi ng concern.

Supplementary Information

Without qualifYing our opinion, we draw attention to the fact that supplementary information set out on page 23 does not form part of the group audited annual financial statements and is presented as additional infonnation. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of our audit of the group audited annual financial statements for the year ended 28 February 2013, we have read the Directors' Report for the purpose of identifying whether there are material i nconsistencies between these reports and the audited group audited annual financial statements. These reports are the responsi bility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited group audited a nnual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

RAiN

RAiN Chartered Accountants Inc

Registered Auditors

Per: I.E. Pierce
Johannesburg
30 October 2015

Ubambo Investment Holdings Limited
(Registration number 1998/014976/06)
Group Audited Annual Financial Statements for the year ended 28 February 2013

Directors' Report

The directors have pleasure in submi tting their report on the group audited annual financial statements of Ubambo Investment Holdings Limited and the group for the year ended 28 February 201 3. I. Nature of business
The group holds investments in high growth sectors of infom1ation, communication technology and infrastructure and operates primarily in South Africa.

There have been no material changes to the nature of the group's business from the prior year.

2. Review of financial results and activities

The consolidated group audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position. results of operations and cash flows of the group arc set ou t in these consolidated group audited annual financial statements.

3. Authorised and issued share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Directors

The directors in office at the date of th is report are as follows:

Directors	Nationality
M.S.C Bawa	South African
S.P Simelane	South African
G.D Harlow	South African
O.F.E Moola	South African

5. Interests in subsidia ries

Details of material interests in subsidiary companies a re presented in the consol idated group audited a nnual financial statements in notes 3.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Going concern

We draw attention to the fact that at 28 Februa ry 2013, the company had accumulated losses of R 42,918,755 and that the company's total liabilities exceed its total assets by R 12,533 I 83.

The group audited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligtions and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 5 of these group audited a nnual financial statements will remai n in force for so long i t takes to restore the solvency of the company.

The fact that the total liabilities exceed the total assets has not hindered the company's ability to pay its debts as they become due in the normal course of business.

8. Auditors

RAiN Chartered Accountants Incorporated are appointed as auditors in accordance to section 90 of the Companies Act of South Africa No. 71 of2008.

Statement of Financial Position as at 28 February 2013

		Group		Company	
Figures in Rand	Notes	2013	2012	2013	2012
Assets					
Non-Current Assets					
Investments in subsidiaries	3	-	-	100	100
Other financial assets	4	40,000,250	40,000,250	250	250
		40,000,250	**40,000,250**	**350**	**350**
Current Assets					
Loans to group companies	5	-	-	13,529,879	13,529,879
Loans to directors, managers and employees	6	-	16,500	-	16,500
Trade and other receivables	7	172,765	104,252	172,665	104,152
Cash and cash equivalents	8	49,503	44,110	49,403	44,010
		222,268	**164,862**	**13,751,947**	**13,694,541**
Total Assets		**40,222,518**	**40,165,112**	**13,752,297**	**13,694,891**
Equity and Liabilities					
Equity					
Share capital	9	30,385,572	30,385,572	30,385,572	30,385,572
Reserves		34,519,650	34,519,650	-	-
Accumulated loss		(25,806,857)	(25,675,085)	(42,842,354)	(42,710,582)
		39,098,365	**39,230,137**	**(12,456,782)**	**(12,325,010)**
Liabilities					
Current Liabilities					
Loans from group companies	5	-	-	25,098,130	25,098,130
Loan from shareholder	10	109,341	123,841	109,341	123,841
Other financial liabilities	11	750,000	700,000	750,000	700,000
Trade and other payables	12	264,812	111,134	251,608	97,930
		1,124,153	**934,975**	**26,209,079**	**26,019,901**
Total Equity and Liabilities		**40,222,518**	**40,165,112**	**13,752,297**	**13,694,891**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2013	2012	2013	2012
Other income	15	-	12,085	-	12,085
Operating expenses		(675,227)	(797,432)	(675,227)	(770,112)
Operating loss	16	**(675,227)**	**(785,347)**	**(675,227)**	**(758,027)**
Investment revenue	17	545,455	128,858	545,455	128,858
Finance costs	18	(2,000)	(738,976)	(2,000)	(520,576)
Loss before taxation		**(131,772)**	**(1,395,465)**	**(131,772)**	**(1,149,745)**
Taxation	19	-	-	-	-
Loss for the year		**(131,772)**	**(1,395,465)**	**(131,772)**	**(1,149,745)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		-	(4,900,250)	-	-
Other comprehensive income for the year net of taxation		-	**(4,900,250)**	-	-
Total comprehensive loss for the year		**(131,772)**	**(6,295,715)**	**(131,772)**	**(1,149,745)**
Loss attributable to :					
Owners of the parent		(131,772)	(1,395,465)	(131,772)	(1,149,745)
		(131,772)	**(1,395,465)**	**(131,772)**	**(1,149,745)**
Total comprehensive loss attributable to:					
Owners of the parent		(131,772)	(6,295,715)	(131,772)	(1,149,745)
Non-controlling interest		-	-	-	-
		(131,772)	**(6,295,715)**	**(131,772)**	**(1,149,745)**

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Fair value adjustment assets-available-for-sale reserve	Accumulated loss	Total equity
Group						
Balance at 01 March 2011	**1,251,104**	**29,134,468**	**30,385,572**	**39,419,900**	**(24,279,620)**	**45,525,852**
Other comprehensive income	-	-	-	(4,900,250)	(1,395,465)	(6,295,715)
Total comprehensive income for the year	-	-	-	**(4,900,250)**	**(1,395,465)**	**(6,295,715)**
Balance at 01 March 2012	**1,251,104**	**29,134,468**	**30,385,572**	**34,519,650**	**(25,675,085)**	**39,230,137**
Total comprehensive Loss for the year	-	-	-	-	**(131,772)**	**(131,772)**
Balance at 28 February 2013	**1,251,104**	**29,134,468**	**30,385,572**	**34,519,650**	**(25,806,857)**	**39,098,365**
Note	9	9	9			
Company						
Balance at 01 March 2011	**1,251,104**	**29,134,468**	**30,385,572**	-	**(41,560,837)**	**(11,175,265)**
Loss for the year	-	-	-	-	(1,149,745)	(1,149,745)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	**(1,149,745)**	**(1,149,745)**
Balance at 01 March 2012	**1,251,104**	**29,134,468**	**30,385,572**	-	**(42,710,582)**	**(12,325,010)**
Loss for the year	-	-	-	-	(131,772)	(131,772)
Total comprehensive Loss for the year	-	-	-	-	**(131,772)**	**(131,772)**
Balance at 28 February 2013	**1,251,104**	**29,134,468**	**30,385,572**	-	**(42,842,354)**	**(12,456,782)**
Note	9	9	9			

Statement of Cash Flows

		Group		Company	
Figures in Rand	Notes	2013	2012	2013	2012
Cash flows from operating activities					
Cash used in operations	21	(590,062)	(1,617,833)	(590,062)	(1,590,513)
Interest income		-	128,858	-	128,858
Dividends received		545,455	-	545,455	-
Finance costs		(2,000)	(738,976)	(2,000)	(520,576)
Tax paid	22	-	(1,680,000)	-	-
Net cash from operating activities		**(46,607)**	**(3,907,951)**	**(46,607)**	**(1,982,231)**
Cash flows from investing activities					
Loans to group companies repaid		-	-	-	(1,925,720)
Proceeds from financial assets		-	7,900,250	-	3,000,000
Net cash from investing activities		**-**	**7,900,250**	**-**	**1,074,280**
Cash flows from financing activities					
Increase in other financial liabilities		50,000	700,000	50,000	700,000
Movement in loans to directors, managers and employees		16,500	(6,500)	16,500	(6,500)
Repayment of shareholders loan		(14,500)	(41,871)	(14,500)	(41,871)
Movement in fair value adjustment for assets available for sale reserve		-	(4,900,250)	-	-
Net cash from financing activities		**52,000**	**(4,248,621)**	**52,000**	**651,629**
Total cash movement for the year		**5,393**	**(256,322)**	**5,393**	**(256,322)**
Cash at the beginning of the year		44,110	300,432	44,010	300,332
Total cash at end of the year	8	**49,503**	**44,110**	**49,403**	**44,010**

Accounting Policies

I. Presentation of Group A udited Annual Financial Statements

The group audited annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The group audited 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 Consolidation

Basis of consolidation

The consolidated group audited annual financial statements incorporate the group audited annual financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the in vestee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the in vestor's returns.

The results of subsidiaries are included in the consolidated group audited annual financial statements from t he effect ive date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions. balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the group audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group audited annual financial statements and related disclosures. Use of available information and the applicat ion of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group audited annual financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in protit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This detennination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business out look for the investee, including factors such as indust ry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the group would suffer an additional loss of R 34,519,650 (2012: R 34.519,650) in its 201 3 group audited annual financial statements, being the transfer of the accumulated fair value adjustments recognised previously and in the current period to other comprehensive income on the impaired available-for-sale financial assets to profit or loss.

Fair value estimation

It is the company policy to account for unlisted investments at fair value. Judgement is required for the determination of fair values for these investments as they are not listed and the fair values are not readily available. Based on financial information for the resoective companies and experience, management detennined the fair values the investments and these have been accounted for in the accounting records.

1.3 Investments in subsidiaries

Company group audited annual financial statements

In the company's separate group audited annual financial statements, investments in subsidiaries are carried at cost less any accumulated impainnent.

The cost of an investment in a subsidiary is the aggregate of:
the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
any costs directly attributable to the purchase of the subsidiary.

Accounting Policies

1.4 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories: Loans and receivables
Avai lable-for-sale financial assets
Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis. except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss. transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Available-for-sale financial assets are subsequentl y measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss. while translation differences on non-monetary items are recognised in other comprehensive income and accumulated i n equity.

Financial liabilities at amortised cost are subsequen tly measured at amortised cost, using the effective interest method. Fair value determination
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unl isted securities), the group establishes fair value by using valuation techniques as determined by the directors.

1.4 Financial instruments (continued) Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through prollt or loss, to determine whet her there is objective evidence that a financial asset or group of financial assets has been impaired.

In the case of equity securities classified as available-for-sale. a signi ficant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. lf any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value. less any impainnent loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impainnent was recognised, subject to the restriction that the carrying amount of the financial asset at the date that t he impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impainnent losses are recognised in profit or loss except for equ ity in vestments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Accounting Policies

Loans from group companies are classified as financial liabilities measured at amortised cost. Loans to shareholders, directors, managers and employees
These financial assets are classified as loans and receivables.

Loans from shareholders, directors managers and employees are classified as financial liabilities measured at amortised cost. Trade and other receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset' s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at init ial recognition.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method . Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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 tfom) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income. or
- a business combination.

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

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 in equity.

1.6 Leases

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 group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A reversal of an impainnent loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting Policies

1.8 Share capital a nd equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of bu siness, net of trade discounts and volume rebates, and value added tax.

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

Notes to the Group Audited Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after OJ March 2013 or later periods:

IFRS 9 Financial Instruments

Th is new standard is the first phase of a three phase project to replace l AS 39 Financial Instruments: Recognition and Measurement. To date. the standard includes chapters for classification, measurement and derecognition of financial assets and l iabilities. The following are main changes from lAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation ofthe embedded derivative. In other circumstances, the provisions of lAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or Joss, the change in tair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2015.

The group expects to adopt the standard for the first time in the 2016 group audited annual financial statements.

It is unlikely that the standard will have a material impact on the company's group audited a nnual financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to lAS 32}

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities. The effective date of the amendment is for years beginning on or after 01 January 2014.

The group expects to adopt the amendment for the first time in the 2015 group audited annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group audited annual financial statements.

lAS 36- Recoverable Amount Disclosures for Non-Financial Assets

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less costs to sell in l ine with the disclosure requirements of IFRS 13 Fair Value Measurements.

The effective date of the amendment is for years beginning on or after 0 I January 2014.

The group expects to adopt the amendment for the first time in the 201 5 group audited annual financial statements.

It is unlikely that the a mendment will have a material impact on the company's group audited a nnual financial statements.

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

3. Investments in subsidiaries

Name of company	Held by	% voting power 2013	% voting power 2012	% holding 2013	% holding 2012
Sanco Leisure (Proprietary) Limited	Ubambo Investment Holdings Limited	100.00 %	100.00 %	100.00 %	100.00 %
Ubambo Telecommunication (Proprietary) Limited	Ubambo Investment Holdings Limited	100.00 %	100.00 %	100.00 %	100.00 %
Isivuno Investments (Proprietary) Limited	Ubambo Telecomunications (Proprietary) Limited	100.00 %	100.00 %	100.00 %	100.00 %
African Genesis Investment Holdings (Proprietary) Limited	Ubambo Telecomunications (Proprietary) Limited	100.00 %	100.00 %	100.00 %	100.00 %

4. Other financial assets

	2013	2012	2013	2012
Available-for-sale				
Cellsaf (Proprietary) Limited Ubambo Telecommunications (Proprietary) Limited has approximately 13.4% interest in Cellsaf (Proprietary) Limited. The valuation was professionaly done by Sasfin Capital as at 31 March 2011. The valuators estimated the entire value of Cellsaf (Proprietary) Limited to be a minimum of R400 million. Since the group owns a 13.4% interest in the company, the directors computed the fair value based on the R400 million. Directors are of the opinion that this value fairly represents the value of the investment as at the end of the year.	40,000,000	40,000,000	-	-
Equity Alliance Company (Proprietary) Limited Ubambo Investment Holdings (Proprietary) Limited has 2.5% shareholding in Equity Alliance Company (Proprietary) Limited.	100,000	100,000	100,000	100,000
N17 Toll Operators (Proprietary) Limited Ubambo Investment Holdings (Proprietary) Limited has a 25% shareholding, without significant influence, in N17 Toll Operators (Proprietary) Limited.	250	250	250	250
	40,100,250	40,100,250	100,250	100,250
Available-for-sale (impairments)	(100,000)	(100,000)	(100,000)	(100,000)
	40,000,250	**40,000,250**	**250**	**250**
Non-current assets				
Available-for-sale	40,000,250	40,000,250	250	250

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

5. Loans to (from) group companies

Subsidiaries

Sanco Leisure (Proprietary) Limited	-	-	(25,098,130)	(25,098,130)
Ubambo Telecommunications (Proprietary) Limited	-	-	13,529,879	13,529,879
	-	-	**(11,568,251)**	**(11,568,251)**

Loans are unsecured, interest free and have no fixed terms of repayments.

The carrying value of loans to/(from) group companies approximates the fair value.

The loan owing to Sanco Leisure (Proprietary) Limited has been subordinated and will remain in force until the company's insolvency has been restored.

Current assets	-	-	13,529,879	13,529,879
Current liabilities	-	-	(25,098,130)	(25,098,130)
	-	-	**(11,568,251)**	**(11,568,251)**

6. Loans to directors, managers and employees

Loans to directors, managers and employees				
At beginning of the year	16,500	16,500	16,500	16,500
Advances	6,500	-	6,500	-
Repayments	(23,000)	-	(23,000)	-
	-	**16,500**	-	**16,500**

The carrying value of loans to directors, managers and employees approximates the fair value.

7. Trade and other receivables

Prepayments	-	13,680	-	13,680
VAT	172,665	90,472	172,665	90,472
Other receivable	100	100	-	-
	172,765	**104,252**	**172,665**	**104,152**

The carrying value of trade and other receivables approximates the fair value.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9,206	6,300	9,106	6,200
Bank balances	40,297	37,810	40,297	37,810
	49,503	**44,110**	**49,403**	**44,010**

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

9. Share capital

Authorised				
300,000,000 Ordinary shares of R0.01 each	3,000,000	3,000,000	3,000,000	3,000,000
Reconciliation of number of shares issued:				
Reported as at 01 March 2012	1,251,104	1,251,104	1,251,104	1,251,104

174 889 623 (2012: 174 889 623) unissued ordinary shares are under the control of the directors 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				
125,100,400 Ordinary shares of R0.01 each	1,251,104	1,251,104	1,251,104	1,251,104
Share premium	29,134,468	29,134,468	29,134,468	29,134,468
	30,385,572	**30,385,572**	**30,385,572**	**30,385,572**

10. Loans from shareholder

M Bawa	109,341	123,841	109,341	123,841

The loan is unsecured, interest free and has no fixed terms of repayment.

The carrying value of the loan from shareholder approximates fair value.

11. Other financial liabilities

Held at amortised cost				
Inyanga Trading 489 (Proprietary) Limited	750,000	700,000	750,000	700,000

The loan is unsecured, interest free and has no fixed terms of repayment.

The carrying value of other financial liabilities approximates the fair value.

Current liabilities				
At amortised cost	750,000	700,000	750,000	700,000

12. Trade and other payables

Trade payables	258,847	77,936	245,643	64,732
Other payables	5,965	33,198	5,965	33,198
	264,812	**111,134**	**251,608**	**97,930**

The carrying value of trade and other payables approximates the fair value.

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

13. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2013

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	40,000,250	40,000,250
Trade and other receivables	172,765	-	172,765
Cash and cash equivalents	49,503	-	49,503
	222,268	**40,000,250**	**40,222,518**

Group - 2012

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	40,000,250	40,000,250
Loans to directors, managers and employees	16,500	-	16,500
Trade and other receivables	104,252	-	104,252
Cash and cash equivalents	44,110	-	44,110
	164,862	**40,000,250**	**40,165,112**

Company - 2013

	Loans and receivables	Available-for-sale	Total
Loans to group companies	13,529,879	-	13,529,879
Other financial assets	-	250	250
Trade and other receivables	172,665	-	172,665
Cash and cash equivalents	49,403	-	49,403
	13,751,947	**250**	**13,752,197**

Company - 2012

	Loans and receivables	Available-for-sale	Total
Loans to group companies	13,529,879	-	13,529,879
Other financial assets	-	250	250
Loans to directors, managers and employees	16,500	-	16,500
Trade and other receivables	104,152	-	104,152
Cash and cash equivalents	44,010	-	44,010
	13,694,541	**250**	**13,694,791**

Figures in Rand	Group 2013	Group 2012	2013	2012

14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2013

	Financial liabilities at amortised cost	Total
Loans from shareholders	109,341	109,341
Other financial liabilities	750,000	750,000
Trade and other payables	264,812	264,812
	1,124,153	**1,124,153**

Group - 2012

	Financial liabilities at amortised cost	Total
Loans from shareholders	123,841	123,841
Other financial liabilities	700,000	700,000
Trade and other payables	111,134	111,134
	934,975	**934,975**

Company - 2013

	Financial liabilities at amortised cost	Total
Loans from group companies	25,098,130	25,098,130
Loans from shareholders	109,341	109,341
Other financial liabilities	750,000	750,000
Trade and other payables	251,608	251,608
	26,209,079	**26,209,079**

Company - 2012

	Financial liabilities at amortised cost	Total
Loans from group companies	25,098,130	25,098,130
Loans from shareholders	123,841	123,841
Other financial liabilities	700,000	700,000
Trade and other payables	97,930	97,930
	26,019,901	**26,019,901**

15. Other income

	Group 2013	Group 2012	2013	2012
Recovery of deposit	-	12,085	-	12,085

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

16. Operating loss

Operating loss for the year is stated after accounting for the following:

Operating lease charges				
Lease rentals on operating lease				
• Contractual amounts	165,600	138,319	165,600	138,319
Employee costs	14,642	329,788	14,642	329,788

17. Investment revenue

Dividend revenue				
Investment in N17 Toll Operators (Proprietatry) Limited	545,455	-	545,455	-
Interest revenue				
Financial assets	-	128,858	-	128,858
	545,455	**128,858**	**545,455**	**128,858**

18. Finance costs

Late payment of tax	2,000	738,976	2,000	520,576

19. Taxation

Major components of the tax expense

No provision has been made for 2013 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R 21,853,228 (2012: R 21,642,055).

20. Auditors' remuneration

Fees	94,275	117,263	94,275	117,263

21. Cash used in operations

Loss before taxation	(131,772)	(1,395,465)	(131,772)	(1,149,745)
Adjustments for:				
Dividends received	(545,455)	-	(545,455)	-
Interest received - investment	-	(128,858)	-	(128,858)
Finance costs	2,000	738,976	2,000	520,576
Changes in working capital:				
Trade and other receivables	(68,513)	(104,152)	(68,513)	(104,152)
Trade and other payables	153,678	(728,334)	153,678	(728,334)
	(590,062)	**(1,617,833)**	**(590,062)**	**(1,590,513)**

22. Tax paid

Balance at beginning of the year	-	(1,680,000)	-	-

Notes to the Group Audited Annual Financial Statements

	Group			
Figures in Rand	2013	2012	2013	2012

23. Related parties

Relationships	
Subsidiaries	Sanco Leisure (Proprietary) Limited
	Ubambo Telecommunication (Proprietary) Limited
Directors	G Harlow
	M.S.C Bawa
	S.P Simelane
	O.F.E Moola

Related party balances

Loan accounts - Owing (to) by related parties				
Sanco Leisure (Proprietary) Limited	-	-	(25,098,130)	(25,098,130)
Ubambo Telecommunications (Proprietary) Limited	-	-	13,529,879	13,529,879
M.S.C. Bawa	(109,341)	(123,841)	(109,341)	(123,841)

24. Directors' emoluments

Executive

2012

	Emoluments	Total
In connection with the affairs of the company	78,750	78,750

Event after the reporting period

After the end of the financial year, the board of directors approved the issue of shares to the directors as remuneration for their services. The issue of shares however, must be approved by the shareholders and as a result the shares have not yet been issued to the directors. The approval of the issue of shares to the directors will be addressed at the next shareholders meeting.

The table below shows the shares issued to the directors upon the approval from the shareholders:

	Class of shares	Number of shares	Value per share	Total value of shares
G. Harlow	Ordinary shares	200,000	R0.35	70,000
M.S.C. Bawa	Ordinary shares	150,000	R0.35	52,500
O.F.E. Moola	Ordinary shares	150,000	R0.35	52,500

25. Risk management

Financial risk management

The group's activities expose it to financial risks: liquidity risk and credit risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 28 February 2013	Less than 1 year
Loans from shareholders	109,341
Other financial liabilities	750,000
Trade and other payables	264,812

At 29 February 2012	Less than 1 year
Loans from shareholders	123,841
Other financial liabilities	700,000
Trade and other payables	111,134

Company

At 28 February 2013	Less than 1 year
Loan from group companies	25,098,130
Loans from shareholders	109,341
Other financial liabilities	750,000
Trade and other payables	251,608

At 29 February 2012	Less than 1 year
Loans from group companies	25,098,130
Other financial liabilities	123,841
Loans from shareholders	700,000
Trade and other payables	97,930

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Detailed Statement of Comprehensive Income

		Group			
Figures in Rand	Notes	2013	2012	2013	2012
Other income					
Recovery of deposit		-	12,085	-	12,085
Dividends received	17	545,455	-	545,455	-
Interest received	17	-	128,858	-	128,858
		545,455	**140,943**	**545,455**	**140,943**
Operating expenses					
Accounting fees		(8,132)	(66,250)	(8,132)	(42,350)
Administration and management fees		(281,280)	-	(281,280)	-
Auditors remuneration	20	(94,275)	(117,263)	(94,275)	(117,263)
Bank charges		(2,524)	(4,205)	(2,524)	(4,205)
Cleaning		-	(7,566)	-	(7,566)
Computer expenses		(3,210)	-	(3,210)	-
Employee costs		(14,642)	(329,788)	(14,642)	(329,788)
Entertainment		-	(393)	-	(393)
Fines and penalties		(1,000)	-	(1,000)	-
Lease rentals on operating lease		(165,600)	(138,319)	(165,600)	(138,319)
Legal expenses		-	(52,459)	-	(52,459)
Motor vehicle expenses		(1,100)	-	(1,100)	-
Printing and stationery		(5,387)	-	(5,387)	-
Repairs and maintenance		(1,214)	-	(1,214)	-
Service fees		(92,033)	(74,596)	(92,033)	(74,596)
Staff welfare		(638)	-	(638)	-
Telephone and fax		-	(3,174)	-	(3,174)
Travel - local		(4,192)	-	(4,192)	-
		(675,227)	**(794,013)**	**(675,227)**	**(770,112)**
Operating loss	16	**(129,772)**	**(653,070)**	**(129,772)**	**(629,169)**
Finance costs	18	(2,000)	(738,976)	(2,000)	(520,576)
Loss for the year		**(131,772)**	**(1,392,046)**	**(131,772)**	**(1,149,745)**