UBAMBO

Investment Holdings Limited

ANNUAL FINANCIAL STATEMENTS

Year ended 28 February 2014

Ubambo Investment Holdings Limited
(Registration number 1998/014976/06) Group
Audited Annual Financial Statements for the
year ended 28 February 2014

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.

Ubambo Investment Holdings Limited
(Registration number 1998/014976/06)
Group Audited Annual Financial Statements for the year ended 28 February 2014

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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
Nature 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.EMoola
Registered office and 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

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the group audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group audited annual financial statements fairly present 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 audited 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. 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 group and all employees 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 absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2015 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 Investment Holdings Limited, as set out on pages 7 to 23, which comprise the statement of financial position as at 28 February 2014, 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 of South Africa No. 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 performing 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 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 group audited annual 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 group audited annual financial statements present fairly, in all material respects, the financial position of Ubambo Investment Holdings Limited as at 28 February 2014, 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 of South Africa No. 71 of 2008.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 24 does not form part of the group audited annual financial statements and is presented as additional information. 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 2014, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited group audited annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited group audited annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

RAiN Chartered Accountants Inc

Registered Auditors

Per: I.E. Pierce
Johannesburg
30 October 2015

Directors' Report

The directors have pleasure in submitting their report on the group audited annual financial statements of Ubambo Investment Holdings Limited and the group for the year ended 28 February 2014.

I. Nature of business

The group holds investments in high growth sectors of information, 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 lnternational Financial Reporting Standards and the requirements of the Companies Act of South Africa No. 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 are set out 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 this 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 subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated group audited annual financial statements in note 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

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

8. Auditors

RAiN Chartered Accountants Incorporated are appointed as auditors in accordance to sect ion 90 of the Companies Act of South Africa No. 71 of 2008.

Statement of Financial Position as at 28 February 2014

		Group		Company	
Figures in Rand	Notes	2014	2013	2014	2013
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
Trade and other receivables	7	39,061	172,765	38,961	172,665
Cash and cash equivalents	8	22,698	49,503	22,598	49,403
		61,759	**222,268**	**13,591,438**	**13,751,947**
Total Assets		**40,062,009**	**40,222,518**	**13,591,788**	**13,752,297**
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		(26,349,258)	(25,806,857)	(18,286,625)	(42,842,354)
		38,555,964	**39,098,365**	**12,098,947**	**(12,456,782)**
Liabilities					
Current Liabilities					
Loans from group companies	5	-	-	-	25,098,130
Loan from shareholder	10	92,841	109,341	92,841	109,341
Other financial liabilities	11	1,400,000	750,000	1,400,000	750,000
Trade and other payables	12	13,204	264,812	-	251,608
		1,506,045	**1,124,153**	**1,492,841**	**26,209,079**
Total Equity and Liabilities		**40,062,009**	**40,222,518**	**13,591,788**	**13,752,297**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2014	2013	2014	2013
Operating expenses		(1 042 401)	(675 227)	(1 042 401)	(675 227)
Operating loss	14	**(1 042 401)**	**(675 227)**	**(1 042 401)**	**(675 227)**
Investment revenue	15	500 000	545 455	25 598 130	545 455
Finance costs	16	-	(2 000)	-	(2 000)
(Loss) profit before taxation		**(542 401)**	**(131 772)**	**24 555 729**	**(131 772)**
Taxation	17	-	-	-	-
(Loss) profit for the year		**(542 401)**	**(131 772)**	**24 555 729**	**(131 772)**
Total comprehensive loss for the year		**(542 401)**	**(131 772)**	**24 555 729**	**(131 772)**
(Loss) profit attributable to :					
Owners of the parent		(542 401)	(131 772)	24 555 729	(131 772)
Non-controlling interest - Continuing operations		-	-	-	-
		(542 401)	**(131 772)**	**24 555 729**	**(131 772)**

Ubambo Investment Holdings Limited

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Group Audited Annual Financial Statements for the year ended 28 February 2014

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 2012	**1,253,354**	**29,134,468**	**30,387,822**	**34,519,650**	**(25,675,085)**	**39,232,387**
Other comprehensive income	-	-	-	-	(131,772)	(131,772)
Total comprehensive income for the year	-	-	-	-	**(131,772)**	**(131,772)**
Balance at 01 March 2013	**1,251,104**	**29,134,468**	**30,385,572**	**34,519,650**	**(25,806,857)**	**39,098,365**
Total comprehensive Loss for the year	-	-	-	-	**(542,401)**	**(542,401)**
Balance at 28 February 2014	**1,251,104**	**29,134,468**	**30,385,572**	**34,519,650**	**(26,349,258)**	**38,555,964**
Note	9	9	9			
Company						
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)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	-	**(131,772)**	**(131,772)**
Balance at 01 March 2013	**1,251,104**	**29,134,468**	**30,385,572**	-	**(42,842,354)**	**(12,456,782)**
Profit for the year	-	-	-	-	24,555,729	24,555,729
Total comprehensive income for the year	-	-	-	-	**24,555,729**	**24,555,729**
Balance at 28 February 2014	**1,251,104**	**29,134,468**	**30,385,572**	-	**(18,286,625)**	**12,098,947**
Note	9	9	9			

Statement of Cash Flows

		Group		Company	
Figures in Rand	Notes	2014	2013	2014	2013
Cash flows from operating activities					
Cash used in operations	20	(1,160,305)	(590,062)	(1,160,305)	(590,062)
Interest income		-	-	-	-
Dividends received		500,000	545,455	25,598,130	545,455
Finance costs		-	(2,000)	-	(2,000)
Net cash from operating activities		**(660,305)**	**(46,607)**	**24,437,825**	**(46,607)**
Cash flows from investing activities					
Loans to group companies repaid		-	-	(25,098,130)	-
Net cash from investing activities		**-**	**-**	**(25,098,130)**	**-**
Cash flows from financing activities					
Increase in other financial liabilities		650,000	50,000	650,000	50,000
Movement in loans to directors, managers and employees		-	16,500	-	16,500
Repayment of shareholders loan		(16,500)	(14,500)	(16,500)	(14,500)
Net cash from financing activities		**633,500**	**52,000**	**633,500**	**52,000**
Total cash movement for the year		**(26,805)**	**5,393**	**(26,805)**	**5,393**
Cash at the beginning of the year		49,503	44,110	49,403	44,010
Total cash at end of the year	8	**22,698**	**49,503**	**22,598**	**49,403**

Accounting Policies

1. Presentation of Group Audited Annual Financial Statements

The group audited annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa No. 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 entity when it has power over the entity; 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 investor's returns.

The results of subsidiaries are included in the consolidated group audited annual financial statements from the effective 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 application 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 profit 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 determination 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 outlook for the investee, including factors such as industry 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 R34 519 650 (2012: R34 519 650) in its 2014 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 respective companies and experience, management determined 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 impairment.

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
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained I 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 subsequently 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 in equity. Financial liabilities at amortised cost are subsequently 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 unlisted 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 profit or loss, to determine whether 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 significant or prolonged decline in the fair value of the security be low its cost is considered an indicator of impairment. If 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 impairment 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 impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as avai lable-for-sale.Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because lair 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.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on 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.

Accounting Policies

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 Jess 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.

I.7 Impairment of assets (continued)

An impairment loss is recognised tor 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 impairment 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.

1.8 Share capital and 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 business, net of trade discounts and volume rebates, and value added tax.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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 01 March 2014 or later periods

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace lAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 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 of the 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 loss, the change in fair 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 elective 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 annual financial statements.

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of lAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation-Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 0 I January 2013.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

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

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

3. Investments in subsidiaries

Group

Name of company	Held by	% voting power 2014	% voting power 2013	% holding 2014	% holding 2013
Sanco Leisure (Proprietary) Limited	Ubambo Investment Holdings Limited	100.00 %	100.00 %	100.00 %	100.00 %
Ubambo Telecomunications (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 %

Company

Name of company	Held by	% voting power 2014	% voting power 2013	% holding 2014	% holding 2013
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 %
Impairment of investment in subsidiaries		100.00 %	100.00 %	100.00 %	100.00 %

Name of company	Carrying amount 2014	Carrying amount 2013
Sanco Leisure (Proprietary) Limited	15,000,000	15,000,000
Ubambo Telecommunication (Proprietary) Limited	100	100
	15,000,100	15,000,100
Impairment of investment in subsidiaries	(15,000,000)	(15,000,000)
	100	100

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

4. Other financial assets

Available-for-sale				
Cellsaf (Proprietary) Limited	40,000,000	40,000,000	-	-
Ubambo Telecommunications (Proprietary) Limited has approximately 13.4% interest in Cellsaf (Proprietary) Limited. The directors are of the view that given the current impending corporate activity which may result in a change in shareholding of CellC (Proprietary) Limited that it would not be prudent to make any changes to the valuation of the investment in Cellsaf (Proprietary) Limited at this point.				
Equity Alliance Company (Proprietary) Limited	100,000	100,000	100,000	100,000
The company has 2.5% shareholding in Equity Alliance Company (Proprietary) Limited.				
N17 Toll Operators (Proprietary) Limited	250	250	250	250
The company has a 25% shareholding, without significant influence, in N17 Toll Operators (Proprietary) Limited.				
	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

5. Loans to (from) group companies

Subsidiaries				
Sanco Leisure (Proprietary) Limited	-	-	-	(25,098,130)
Ubambo Telecommunications (Proprietary) Limited	-	-	13,529,879	13,529,879
	-	**-**	**13,529,879**	**(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.

Current assets	-	-	13,529,879	13,529,879
Current liabilities	-	-	-	(25,098,130)
	-	**-**	**13,529,879**	**(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
Advances	-	6,500	-	6,500
Repayments	-	(23,000)	-	(23,000)
	-	-	-	-

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

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

7. Trade and other receivables

VAT	38,961	172,665	38,961	172,665
Other receivable	100	100	-	-
	39,061	**172,765**	**38,961**	**172,665**

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	15,206	9,206	15,106	9,106
Bank balances	7,492	40,297	7,492	40,297
	22,698	**49,503**	**22,598**	**49,403**

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 2013	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	92,841	109,341	92,841	109,341

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	1,400,000	750,000	1,400,000	750,000

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	1,400,000	750,000	1,400,000	750,000

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

12. Trade and other payables

Trade payables	13,204	258,844	-	245,640
Other payables	-	5,968	-	5,968
	13,204	**264,812**	**-**	**251,608**

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

13. Financial assets by category

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

Group - 2014

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	40,000,250	40,000,250
Trade and other receivables	39,061	-	39,061
Cash and cash equivalents	22,698	-	22,698
	61,759	**40,000,250**	**40,062,009**

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**

Company - 2014

	Loans and receivables	Available-for-sale	Total
Loans to group companies	13,505,979	-	13,505,979
Other financial assets	-	250	250
Trade and other receivables	38,961	-	38,961
Cash and cash equivalents	22,598	-	22,598
	13,567,538	**250**	**13,567,788**

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**

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

14. Financial liabilities by category

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

Group - 2014

	Financial liabilities at amortised cost	Total
Loans from shareholders	92,841	92,841
Other financial liabilities	1,400,000	1,400,000
Trade and other payables	13,204	13,204
	1,506,045	**1,506,045**

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**

Company - 2014

	Financial liabilities at amortised cost	Total
Loans from shareholders	92,841	92,841
Other financial liabilities	1,400,000	1,400,000
	1,492,841	**1,492,841**

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**

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

15. Operating loss

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

Income from subsidiaries				
Dividends	500,000	545,455	25,598,130	545,455
Operating lease charges				
Lease rentals on operating lease				
• Contractual amounts	156,371	165,600	156,371	165,600
Employee costs	301,135	64,643	301,135	64,643

16. Investment revenue

Dividend revenue				
Investment in N17 Toll Operations (Proprietary) Limited	500,000	545,455	500,000	545,455
Investment in Sanco Leisure (Proprietary) Limited	-	-	25,098,130	-
	500,000	**545,455**	**25,598,130**	**545,455**

17. Finance costs

Late payment of tax	-	2,000	-	2,000

18. Taxation

Major components of the tax expense

No provision has been made for 2014 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R 22,068,234 (2013: R21,853,228).

19. Auditors' remuneration

Fees	24,030	94,275	24,030	94,275

20. Cash used in operations

(Loss) profit before taxation	(542,401)	(131,772)	24,555,729	(131,772)
Adjustments for:				
Dividends received	(500,000)	(545,455)	(25,598,130)	(545,455)
Finance costs	-	2,000	-	2,000
Changes in working capital:				
Trade and other receivables	133,704	(68,513)	133,704	(68,513)
Trade and other payables	(251,608)	153,678	(251,608)	153,678
	(1,160,305)	**(590,062)**	**(1,160,305)**	**(590,062)**

Notes to the Group Audited Annual Financial Statements

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

21. 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

	Group 2014	Group 2013	Company 2014	Company 2013
Loan accounts - Owing (to) by related parties				
Sanco Leisure (Proprietary) Limited	-	-	-	(25,098,130)
Ubambo Telecommunications (Proprietary) Limited	-	-	13,505,979	13,529,879
M.S.C Bawa	(92,841)	(109,341)	(92,841)	(109,341)

Related party transactions

	Group 2014	Group 2013	Company 2014	Company 2013
Dividends received from related parties				
Sanco Leisure (Proprietary) Limited	-	-	25,098,130	-

22. Directors' emoluments

Executive

2014

	Travel allowance	Directors' fees	Total
M.S.C Bawa	6,569	33,000	39,569

No emoluments were paid to directors during the 2013 financial year.

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 to be issued to the directors upon the approval from the shareholders:

2014

	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

2013

	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

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

23. 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 2014	Less than 1 year
Loans from shareholders	92,841
Other financial liabilities	1,400,000
Trade and other payables	13,204

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

Company

At 28 February 2014	Less than 1 year
Loans from shareholders	92,841
Other financial liabilities	1,400,000

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

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.

Ubambo Investment Holdings Limited

(Registration number 1998/014976/06)
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Detailed Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2014	2013	2014	2013
Other income					
Dividends received	16	500,000	545,455	25,598,130	545,455
Operating expenses					
Accounting fees		(109,200)	(8,132)	(109,200)	(8,132)
Administration and management fees		(197,670)	(281,280)	(197,670)	(281,280)
Auditors remuneration	19	(24,030)	(94,275)	(24,030)	(94,275)
Bank charges		(2,130)	(2,524)	(2,130)	(2,524)
Computer expenses		(1,124)	(3,210)	(1,124)	(3,210)
Employee costs		(301,135)	(14,642)	(301,135)	(14,642)
Fines and penalties		-	(1,000)	-	(1,000)
Lease rentals on operating lease		(156,371)	(165,600)	(156,371)	(165,600)
Legal expenses		(172,497)	-	(172,497)	-
Motor vehicle expenses		-	(1,100)	-	(1,100)
Printing and stationery		-	(5,387)	-	(5,387)
Repairs and maintenance		-	(1,214)	-	(1,214)
Service fees		(78,244)	(92,033)	(78,244)	(92,033)
Staff welfare		-	(638)	-	(638)
Travel - local		-	(4,192)	-	(4,192)
		(1,042,401)	**(675,227)**	**(1,042,401)**	**(675,227)**
Operating (loss) profit	15	**(542,401)**	**(129,772)**	**24,555,729**	**(129,772)**
Finance costs	17	-	(2,000)	-	(2,000)
(Loss) profit for the year		**(542,401)**	**(131,772)**	**24,555,729**	**(131,772)**