UBAMBO
Investment Holdings Limited

ANNUAL FINANCIAL STATEMENTS

Year ended 28 February 2015

Ubambo Investment Holdings Limited
(Registration number 1998/014976/06)
Group Audited Annual Financial Statements
for the year ended 28 February 2015

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	1 st Floor 25 Autumn Street Rivonia 2191
Postal address	Private Bag X9943 Sandton 2146
Bankers	Nedbank Limited
Auditors	RAiN Chartered Accounta nts Inc Registered Auditors
Company registration number	1998/014976/06

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa No. 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 29 February 2016 and, in light of this review and the current financial position, they are satisfied that the group has or had 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 21, which have been prepared on the going concern basis, were approved by the board on 10 October 2015 and were signed on their 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 21, which comprise the statement of financial position as at 28 February 2015, and the statement of profit or loss and other 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 company`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 company`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 of Ubambo Investment Holdings Limited for the year then ended 28 February 2015 are prepared, in all material respects, in accordance with the basis of accounting described in note to the group audited annual financial statements, 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 20 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 Companies Act 71 of 2008

As part of our audit of the group audited annual financial statements for the year ended 28 February 2015, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited group audited annual financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited group audited annual financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

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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 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 2015.

1. 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 of South Africa No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The group recorded a net loss after tax for the year ended 28 February 2015 of R (32 752). This represented improvement of R509 649 from the net loss after tax of the prior year of R(542 401).

Group revenue decreased by 44% from 1 042 401- in the prior year to R582 752 for the year ended 28 February 2015

Group cash flows from operating activities increased from R(660 305) in the prior year to R6 209 for the year ended 28 February 2015.

2. Share capital

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

3. Directorate

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

Directors	Office	Designation
M.S.C Bawa	Chief Executive Officer	Executive
S.P Simelane		Non-executive
G.D Harlow	Chairperson	Non-executive
O.F.E Moola		Non-executive

4. Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies are presented in the consolidated group audited annual financial statements in note 3.

5. 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.

6. 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.

7. Auditors

RAiN Chartered Accountants Inc continued in office as auditors for the company and its subsidiaries for 2015.

At the AGM, the shareholders will be requested to reappoint RAiN Chartered Accountants Inc as the independent external auditors of the company and to confirm Mr I.E. Pierce as the designated lead audit partner for the 2016 financial year.

Statement of Financial Position as at 28 February 2015

		Group		Company	
Figures in Rand	Notes	2015	2014	2015	2014
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	6	100	39 061	-	38 961
Cash and cash equivalents	7	78 906	22 698	78 806	22 598
		79 006	**61 759**	**13 608 685**	**13 591 438**
Total Assets		**40 079 256**	**40 062 009**	**13 609 035**	**13 591 788**
Equity and Liabilities					
Equity					
Share capital	8	30 385 572	30 385 572	30 385 572	30 385 572
Reserves		34 519 650	34 519 650	-	-
Accumulated loss		(26 382 010)	(26 349 258)	(18 319 377)	(18 286 625)
		38 523 212	**38 555 964**	**12 066 195**	**12 098 947**
Liabilities					
Current Liabilities					
Trade and other payables	9	13 204	13 204	-	-
Loans from shareholders	10	92 841	92 841	92 841	92 841
Other financial liabilities	12	1 450 000	1 400 000	1 450 000	1 400 000
		1 556 045	**1 506 045**	**1 542 841**	**1 492 841**
Total Equity and Liabilities		**40 079 257**	**40 062 009**	**13 609 036**	**13 591 788**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2015	2014	2015	2014
Operating expenses		(582 752)	(1 042 401)	(582 752)	(1 042 401)
Operating loss	14	**(582 752)**	**(1 042 401)**	**(582 752)**	**(1 042 401)**
Investment revenue	15	550 000	500 000	550 000	25 598 130
(Loss) profit for the year		**(32 752)**	**(542 401)**	**(32 752)**	**24 555 729**
Total comprehensive (loss) income for the year		**(32 752)**	**(542 401)**	**(32 752)**	**24 555 729**
(Loss) profit attributable to:					
Owners of the parent		(32 752)	(542 401)	(32 752)	24 555 729
Non-controlling interest		-	-	-	-
		(32 752)	**(542 401)**	**(32 752)**	**24 555 729**

Ubambo Investment Holdings Limited

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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 2013	**1 251 104**	**29 134 468**	**30 385 572**	**34 519 650**	**(25 806 857)**	**39 098 365**
Loss for the year	-	-	-	-	(542 401)	(542 401)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(542 401)**	**(542 401)**
Balance at 01 March 2014	**1 251 104**	**29 134 468**	**30 385 572**	**34 519 650**	**(26 349 258)**	**38 555 964**
Loss for the year	-	-	-	-	(32 752)	(32 752)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(32 752)**	**(32 752)**
Balance at 28 February 2015	**1 251 104**	**29 134 468**	**30 385 572**	**34 519 650**	**(26 382 010)**	**38 523 212**
Note(s)	8	8	8			
Company						
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
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**24 555 729**	**24 555 729**
Balance at 01 March 2014	**1 251 104**	**29 134 468**	**30 385 572**	**-**	**(18 286 625)**	**12 098 947**
Loss for the year	-	-	-	-	(32 752)	(32 752)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(32 752)**	**(32 752)**
Balance at 28 February 2015	**1 251 104**	**29 134 468**	**30 385 572**	**-**	**(18 319 377)**	**12 066 195**
Note	8	8	8			

Statement of Cash Flows

		Group		Company	
Figures in Rand	Notes	2015	2014	2015	2014
Cash flows from operating activities					
Cash used in operations	18	(543 791)	(1 160 305)	(543 791)	(1 160 305)
Dividends received		550 000	500 000	550 000	25 598 130
Finance costs		-	-	-	-
Net cash from operating activities		**6 209**	**(660 305)**	**6 209**	**24 437 825**
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		50 000	650 000	50 000	650 000
Repayment of shareholders loan		-	(16 500)	-	(16 500)
Net cash from financing activities		**50 000**	**633 500**	**50 000**	**633 500**
Total cash movement for the year		**56 209**	**(26 805)**	**56 209**	**(26 805)**
Cash at the beginning of the year		22 698	49 503	22 598	49 403
Total cash at end of the year	7	**78 907**	**22 698**	**78 807**	**22 598**

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 investee when it has power over the investee; 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 ignificant 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 receivable

The group assesses its trade receivables, held to maturity investments 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.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

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 R 40 000 000 in its 2015 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.

1.2 Significant judgements and sources of estimation uncertainty (continued) Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

1.3 Interests in subsidiaries

Accounting Policies

Company group audited annual financial statements

In the company's separate group audited annual financial statements, investments in subsidiaries are carried at fair value through profit or loss.

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.

1.4 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

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.

Regular way purchases of financial assets are accounted for at trade date.

1.4 Financial instruments (continued) 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

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.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below 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.

Accounting Policies

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 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.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.4 Financial instruments (continued) 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.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Loans from shareholders, directors 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable 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.

Accounting Policies

1.5 Tax (continued) 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

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

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.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.
-

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.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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 entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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

IFRS 9 Financial Instruments

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities as well as new hedging requirements. 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.
- 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 IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the group 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.
- 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 new hedging provisions align hedge accounting more closely with the actual risk management approach.
- Certain non-derivative financial instruments are now allowed as hedging instruments.
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.
- The hedge effectiveness criteria have been amended, including the removal of the 80%-125% "bright line test" to qualify for hedge accounting.
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.
- Additional disclosure requirements have been introduced for hedging.

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the effective date will not be before years beginning on or after 01 January 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

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 group's group audited annual financial statements.
The aggregate impact of the initial application of the statements and interpretations on the group's group audited annual financial statements is expected to be as follows:

Notes to the Group Audited Annual Financial Statements

3. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Group

Name of company		% voting power 2015	% voting power 2014	% holding 2015	% holding 2014
Sanco Leisure (Proprietary) Lir	Ubambo Investment H	100,00 %	00,00 %	00,00 %	00,00 %
Ubambo Telecomunications (Pı	Ubambo Investment H	100,00 %	00,00 %	00,00 %	00,00 %
Isivuno Investments (Proprietaı	Ubambo Telecomunica	100,00 %	00,00 %	00,00 %	00,00 %
African Genesis Investment Ho	Ubambo Telecomunica	100,00 %	00,00 %	00,00 %	00,00 %

4. Other financial assets

Available-for-sale				
Cellsaf (Proprietary) Limited 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.	40 000 000	40 000 000	-	-
Equity Alliance Company (Proprietary) Limited The company has 2.5% shareholding in Equity Alliance Company (Proprietary) Limited.	100 000	100 000	100 000	100 000
N17 Toll Operators (Proprietary) Limited The company 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

The creation and release of provision for impairment receivables have been included in operating expenses in profit or loss (note). Unwind of discount is included in XXX in profit or loss (note). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security.

5. Loans to (from) group companies

Subsidiaries

Ubambo Telecommunications (Proprietary) Limited	-	-	13 529 879	13 529 879

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

The carrying value of the loan to group companies approximates the fair value.

Notes to the Group Audited Annual Financial Statements

6. Trade and other receivables

VAT	-	38 961	-	38 961
Other receivable	100	100	-	-
	100	**39 061**	**-**	**38 961**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 206	15 206	15 106	15 106
Bank balances	63 701	7 492	63 701	7 492
	78 907	**22 698**	**78 807**	**22 598**

8. 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 2014	1 251 104	1 251 104	1 251 104	1 251 104
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**

9. Trade and other payables

Trade payables	13 204	13 204	-	-

10. Loans to (from) shareholders

M Bawa	(92 841)	(92 841)	(92 841)	(92 841)

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

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

11. Financial assets by category

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

Group - 2015

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	40 000 250	40 000 250
Trade and other receivables	100	-	100
Cash and cash equivalents	78 907	-	78 907
	79 007	**40 000 250**	**40 079 257**

Notes to the Group Audited Annual Financial Statements

11. Financial assets by category (continued)

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**

Company - 2015

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	250	250
Cash and cash equivalents	78 907	-	78 907
	78 907	**250**	**79 157**

Company - 2014

	Loans and receivables	Available-for-sale	Total
Other financial assets	-	250	250
Trade and other receivables	38 961	-	38 961
Cash and cash equivalents	22 598	-	22 598
	61 559	**250**	**61 809**

12. Other financial liabilities

Held at amortised cost				
Inyanga Trading 489 (Proprietary) Limited	1 450 000	1 400 000	1 450 000	1 400 000

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

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

Current liabilities				
At amortised cost	1 450 000	1 400 000	1 450 000	1 400 000

13. Financial liabilities by category

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

Group - 2015

	Financial liabilities at amortised cost	Total
Loans from shareholders	92 841	92 841
Other financial liabilities	1 450 000	1 450 000
Trade and other payables	13 204	13 204
	1 556 045	**1 556 045**

Notes to the Group Audited Annual Financial Statements

13. Financial liabilities by category (continued)

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**

Company - 2015

	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 - 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**

14. Operating loss

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

Income from subsidiaries				
Dividends	550 000	500 000	550 000	25 598 130
Operating lease charges				
Lease rentals on operating lease - 1				
• Contractual amounts	150 481	156 371	150 481	156 371
Employee costs	64 643	301 135	64 643	301 135

15. Investment revenue

Dividend revenue				
Investment in N17 Toll Operations (Proprietary) Limited	550 000	500 000	550 000	500 000
Investment in Sanco Leisure (Proprietary) Limited	-	-	-	25 098 130
	550 000	**500 000**	**550 000**	**25 598 130**

16. Taxation

Major components of the tax expense

No provision has been made for 2015 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R22,580,075 (2014: R22,068,234-).

Notes to the Group Audited Annual Financial Statements

17. Auditors' remuneration

Fees	45 875	24 030	45 875	24 030

18. Cash used in operations

Loss before taxation	(32 752)	(542 401)	(32 752)	24 555 729
Adjustments for:				
Dividends received	(550 000)	(500 000)	(550 000)	(25 598 130)
Changes in working capital:				
Trade and other receivables	38 961	133 704	38 961	133 704
Trade and other payables	-	(251 608)	-	(251 608)
	(543 791)	**(1 160 305)**	**(543 791)**	**(1 160 305)**

19. Related parties

Relationships	
Subsidiaries	Refer to note 3
Directors	G Harlow
	M.S.C Bawa
	S.P. Simelane
	O.F.E Moola

Related party balances

Loan accounts - Owing (to) by related parties				
Ubambo Telecommunications (Proprietary) Limited	-	-	13 529 879	13 529 879
M.S.C Bawa	(92 841)	(92 841)	(92 841)	(92 841)

Related party transactions

Dividends received from related parties				
Sanco Leisure (Proprietary) Limited	-	-	-	25 098 130
Compensation to directors and other key management				
Short-term employee benefits	-	39 569	-	39 569

20. Directors' emoluments

No emoluments were paid to the directors during the 2015 financial year.

Executive

2014

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

21. Risk management

Financial risk management

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

21. Risk management (continued)

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 and net-settled derivative 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 2015	Less than 1 year
Loans from shareholders	92 841
Other financial liabilities	1 450 000
Trade and other payables	13 204

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

Company

At 28 February 2015	Less than 1 year
Loans from shareholders	92 841
Other financial liabilities	1 450 000

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

Credit risk

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

22. Events after the reporting period

Telkom SA SOC Limited released a Stock Exchange News Service (SENS) repor on 27 August 2015 disclosing their intent to purchase Cell C (Proprietary) Limited. The two entities are currently in negotiations iwth regards to this transaction. The aquisition by Telkom SA SOC Limited will hae a significant impact on the value of the shares held by the Ubambo Investments Group in CellSAF (Proprietary) Limited.

The financial effect on the value of the CellSAF (Proprietary) Limited investment can not be determined at this stage because of the uncertainty of the outcome of the discussions.

Ubambo Investment Holdings Limited

(Registration number 1998/014976/06)
Group Audited Annual Financial Statements for the year ended 28 February 2015

Detailed Income Statement

		Group		Company	
Figures in Rand	Notes	2015	2014	2015	2014
Other income					
Dividends received	15	550 000	500 000	550 000	25 598 130
Operating expenses					
Accounting fees		(12 557)	(109 200)	(12 557)	(109 200)
Administration and management fees		(285 000)	(197 670)	(285 000)	(197 670)
Auditors remuneration	17	(45 875)	(24 030)	(45 875)	(24 030)
Bank charges		(1 473)	(2 130)	(1 473)	(2 130)
Computer expenses		(584)	(1 124)	(584)	(1 124)
Employee costs		-	(301 135)	-	(301 135)
Lease rentals on operating lease		(150 481)	(156 371)	(150 481)	(156 371)
Legal expenses		(5 791)	(172 497)	(5 791)	(172 497)
Service Fees		(80 991)	(78 244)	(80 991)	(78 244)
		(582 752)	**(1 042 401)**	**(582 752)**	**(1 042 401)**
(Loss) profit for the year		**(32 752)**	**(542 401)**	**(32 752)**	**24 555 729**