

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

	2013 R'000	2012 R'000
6. Investments in associates and joint ventures		
Cost and share of reserves at the beginning of the year	224 551	218 027
Acquisition of joint venture	138 174	—
Share of losses from associates and joint ventures	(47 326)	(19 835)
Share of results after tax	(43 150)	(16 387)
Amortisation of intangible assets	(5 800)	(4 788)
Deferred tax on intangible assets amortisation	1 624	1 340
Foreign currency translation reserve	79 722	30 433
Equity compensation benefit	77	(596)
Dividends received	(750)	(453)
Disposal of joint ventures	2 273	(3 025)
Cost and share of reserves at the end of the year	396 721	224 551
Loans at the beginning of the year	132 920	21 970
Loans granted to associates and joint ventures	94 161	104 517
Loans repaid by associates and joint ventures	—	(1 228)
Disposal of joint ventures	(1 110)	—
Loans impaired	(2 039)	—
Loan granted to joint venture capitalised	(112 822)	—
Unrealised foreign exchange profit on loans to associates and joint ventures	16 331	7 661
Loans at the end of the year	127 441	132 920
Closing net book value	524 162	357 471

Investments in associates and joint ventures include goodwill to the value of R257 million (2012: R205 million).

There was no impairment of investment in associates and joint ventures. The average terminal growth rates applied were between 1% and 4.5% (2012: 1.5% and 4.5%). The weighted average cost of capital used to discount these cash flows ranged between 17.8% and 18.03% (2012: 17.96% and 18.28%). The discount rates used are pre-tax and reflect specific risks relating to the relevant companies.

If one or more of the inputs were changed to a reasonable possible alternative assumption, there would be no further significant impairments that would have to be recognised.

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

6. Investments in associates and joint ventures (continued)

Loans to associates and joint ventures

	Interest rate	2013 R'000	2012 R'000
Oxygen Services India (Private) Limited	Libor + 1.5%	18 643	18 643
Blue Label Mexico S.A. de C.V.	4.50%	—	27 829
2DFine Holdings Mauritius*	9.50%	108 798	83 890
Bela Phone Company Proprietary Limited	—	—	2 260
E-mail Marketing Solutions Proprietary Limited	—	—	46
Betterquote Proprietary Limited	—	—	252
	—	127 441	132 920

* Refer to note 30 for details on the surety relating to this loan.

The loans are neither past due nor impaired with a low risk of default.

Loans to associates and joint ventures have no fixed terms of repayment.

Shares in associates and joint ventures acquired during the year

	Joint venture	Date acquired	Effective percentage
Blue Label Mexico S.A. de C.V.		1 September 2012	5

On 1 September 2012 Blue Label Telecoms acquired a further 5% in Blue Label Mexico S.A. de C.V. (BLM) for a purchase consideration of R21.1 million. A further capital contribution of R89.2 million was advanced to BLM during the year. The loan balance at 31 May 2012 amounting to R27.8 million was capitalised during the year.

In June 2011, Blue Label Telecoms acting through its wholly owned subsidiary, Gold Label Investments, acquired a 50% interest in 2DFine Holdings Mauritius. The investment is classified as a joint venture as unanimous approval of the shareholders is required for decisions. 2DFine Holdings Mauritius holds 37.22% of Oxygen Services India. In terms of IFRS, an entity does not aggregate its interests held through associates and joint ventures when assessing for control as BLT through this relationship cannot direct the financial and operating policies of Oxygen Services India. Therefore, even though BLT has an effective interest of 55.83% in Oxygen Services India, the Group neither controls nor jointly controls Oxygen Services India.

Shares in associates and joint ventures disposed during the year

	Joint venture	Date disposed	Effective percentage
E-mail Marketing Solutions Proprietary Limited	Joint venture	31 October 2012	41
Betterquote Proprietary Limited	Joint venture	31 August 2012	21
Bela Phone Company Proprietary Limited	Joint venture	1 May 2013	51

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

6. Investments in associates and joint ventures (continued)

Associates

The Group's interest in its principal associates, which are unlisted, is as follows:

Name	Country of incorporation	Assets R'000
2013		
Smart Voucher Limited trading as Ukash	United Kingdom	647 550
Oxigen Services India (Private) Limited	India	194 734
Dual Data Proprietary Limited	South Africa	3
2012		
Smart Voucher Limited trading as Ukash	United Kingdom	430 979
Oxigen Services India (Private) Limited	India	152 191
Dual Data Proprietary Limited	South Africa	8

* Less than R1 000.

There are no contingent liabilities relating to the Group's interest in associates.
For details on related party transactions, refer to note 30.

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

Liabilities R'000	Revenues R'000	Profit/(loss) R'000	Effective percentage interest held	Net book value R'000
471 111	357 247	51 408	17.25	65 652
135 757	3 044 819	1 270	55.83	79 992
—	—	(4)	50	4
326 694	241 623	39 659	17.25	49 773
102 370	2 575 239	4 859	55.83	77 598
—	—	12	50	6

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

6. Investments in associates and joint ventures (continued)

Set out below is the summarised financial information of joint ventures:

Name	Country of incorporation	Non-current assets R'000	Current assets R'000
2013			
Blue Label Mexico S.A. de C.V.	Mexico	218 686	130 600
2DFine Holdings Mauritius	Mauritius	96 570	1
Datacision Proprietary Limited	South Africa	122	6 374
2012			
Blue Label Mexico S.A. de C.V.	Mexico	76 097	52 993
2DFine Holdings Mauritius	Mauritius	82 106	1
Bela Phone Company Proprietary Limited	South Africa	30	2 342
E-mail Marketing Solutions Proprietary Limited	South Africa	—	—
Betterquote Proprietary Limited	South Africa	*	*
Datacision Proprietary Limited	South Africa	124	5 651

* Less than R1 000.

Blue Label Telecoms Limited has guaranteed 45% of the amount owed by BLM to Radiomovil Dipsa S.A. de C.V. (trading as Telcel). At year end there is no balance due to them by BLM.

There are no other contingent liabilities relating to the Group's interest in joint ventures. For details on related party transactions, refer to note 30.

Notes to the Group annual financial statements continued

For the year ended 31 May 2013

	Non-current liabilities R'000	Current liabilities R'000	Revenues R'000	Profit/ (loss) R'000	Effective percentage interest held	Net book value R'000
	—	73 551	1 742 863	(113 155)	45	274 672
	—	110 093	—	(9 274)	50	102 029
	—	2 875	20 753	2 603	50	1 813
	—	79 988	859 592	(59 155)	40	146 344
84 367	275	—	—	(2 305)	50	82 617
—	6 181	1 511	—	(1 000)	51	318
—	135	148	—	(135)	41	(25)
—	2	*	—	(2)	21	(421)
—	3 262	10 430	—	1 659	50	1 261